



TEACHERS' RETIREMENT
ALLOWANCES FUND

SERVING TEACHERS



PAST • PRESENT • FUTURE

ANNUAL REPORT

07

Mission Statement

We commit ourselves to administer the teachers' pension plan in a responsible and caring manner to ensure a secure pension fund that will provide our members the benefits they have been promised and the information needed to make educated retirement decisions.

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Overview

CLERK
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TABLED BY
SESSIONAL PAPER NO.

The Teachers' Retirement Allowances Fund (TRAF) employs a staff of 30 that administers the defined benefit pension plan for public school teachers in Manitoba. TRAF also manages the plan assets that support the plan, which as of December 31, 2007 stood at \$2.8 billion. In addition, TRAF invests in certain trust funds set aside by the Province of Manitoba to support its plan obligations. As of December 31, 2007, those funds totalled \$1.9 billion.

MEMBERSHIP

	Number	%
Active	14,987	46.6
Retired	11,139	34.7
Deferred	6,019	18.7
Total	32,145	100.0

ASSET MIX

	Target (%)	Actual (%)
Fixed Income	37.0	39.8
Equity	51.0	48.9
Real Estate	11.0 ¹	10.8
Infrastructure	1.0 ²	0.5
Total	100.0	100.0

¹ Long-term target of 13.0%.

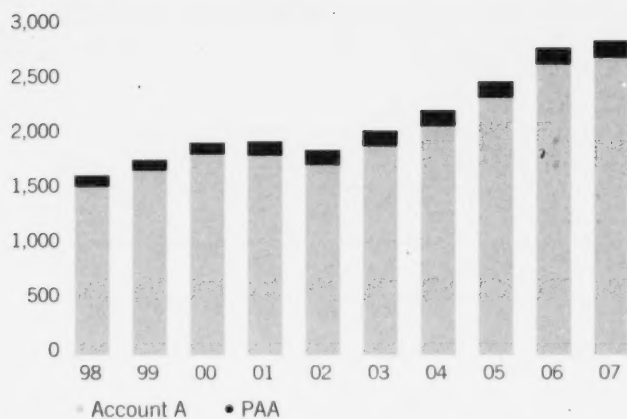
² Long-term target of 5.0%.

CHANGE IN NET ASSETS AVAILABLE FOR BENEFITS

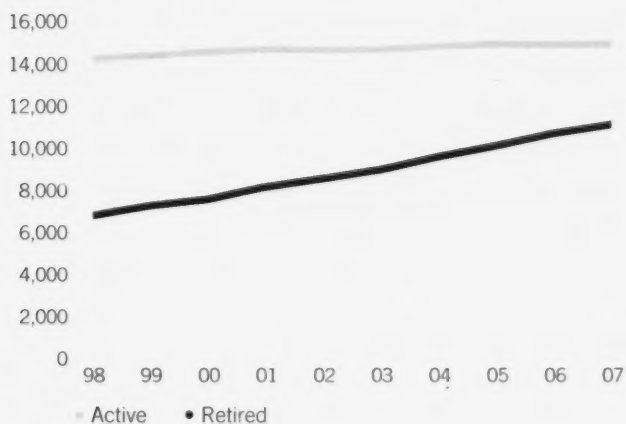
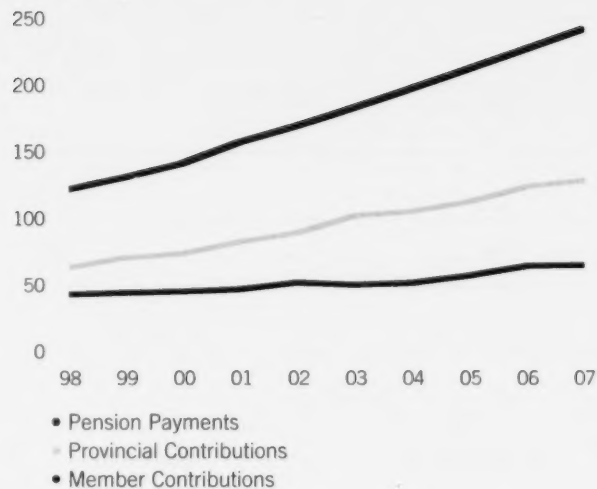
(\$ millions)	2007	2006
Net Assets Available for Benefits, Beginning of Year ¹	\$ 2,746	\$ 2,449
Add: Member Contributions	66	65
Province's Share of Pensions	129	124
Investment Return	135	360
Deduct: Pension Payments	(242)	(227)
Net Other Payments (eg. Refunds, Reciprocal Transfers)	(15)	(21)
General Expenses	(4)	(4)
Net Assets Available for Benefits, End of Year ¹	\$ 2,815	\$ 2,746

¹ Includes the Pension Adjustment Account. Excludes trust accounts.

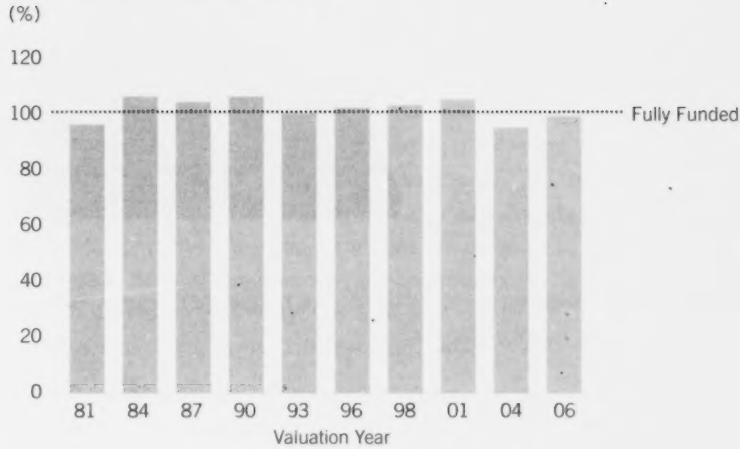
(\$ millions)



(\$ millions)



ACCOUNT A FUNDING STATUS



EXPENSE METRICS

Administrative Cost per Member

2007

\$ 114

2006

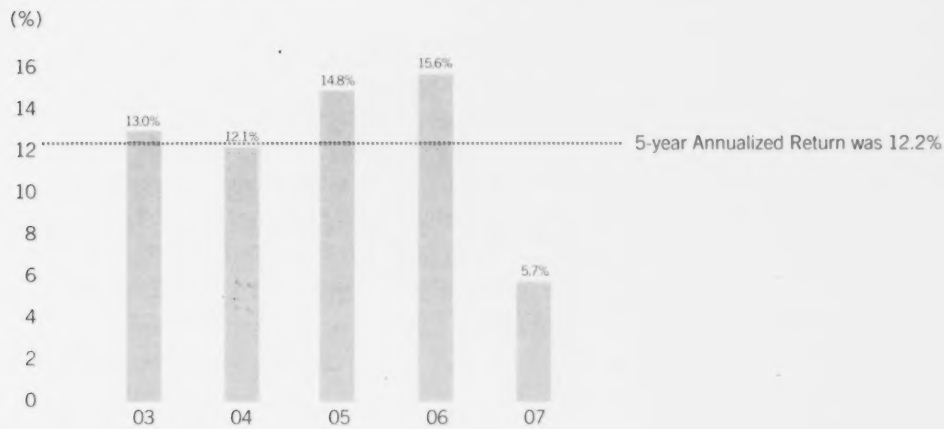
\$ 121

Investment Costs per \$100 of Assets

\$ 0.26

\$ 0.26

ANNUAL INVESTMENT RETURN



Message from the Chair

"We have achieved a great deal in our continuing effort to ensure that this pension fund is well managed today while positioning it for long-term stability."

MAL ANDERSON | CHAIR



Let me address a few of our more significant accomplishments from 2007 and what we learned from each.

REFINING OUR ASSET ALLOCATION

One of the ongoing goals of the Board and management is to ensure that the Fund has an appropriate asset mix. To assist with this, we conduct Asset Liability Modeling (ALM) studies like the one we completed last year with the help of Aon Consulting. The study looked at whether the plan assets were allocated in a manner that was expected to achieve our long-term return requirements. At the same time, we are seeking sufficient diversification to reduce downside risk from various kinds of potential market forces. The study helped establish which asset classes we should invest in, then determined the appropriate allocation for each asset class. When we completed that task, we were better able to assess market conditions and make appropriate investment decisions.

Recent market conditions have reinforced our belief in the strength of a proper asset allocation strategy. As we proceeded through the ALM study process, we made decisions about the long-term future of the Fund and where it should be invested. We were not swayed by current trends, but rather adhered to conservative long-range goals and

disciplined investing habits. We believe that this will serve the membership well.

UNFUNDED LIABILITY

Last year, the Province of Manitoba entrusted TRAF with an additional \$1.5 billion to manage. This money was placed in the trust account the province created several years ago to support its unfunded pension obligations. While this deposit was not officially made to provide for the province's portion of the unfunded liability of the plan, that was certainly its net effect. We now have a higher level of assurance that the plan's unfunded liability will be covered.

Receiving a lump sum of \$1.5 billion would be a unique event for most pension funds, and was extraordinary for our fund as it increased our assets by approximately 50%. The Board, management and staff worked extremely hard and put in many long hours to establish how these additional trust funds should be invested. A great deal of that time was devoted to due diligence to determine what kind of assets we should invest in and which investment firms should manage the funds.

MEMBER SURVEY

A significant effort was also put into surveying the membership to measure opinions of TRAF's service. We engaged an independent firm to assist us in this task to ensure we reached our members in an unbiased manner with relevant questions. It was gratifying to see the results and to understand the high level of service that members feel they are receiving. For example, more than 90% of members said they were somewhat or very satisfied with the way their inquiries were handled. Members were also happy with our communications, with 82% saying they received about the right amount of information from us. Our Member Services department has studied the results closely and has been following up, as necessary, to strengthen and improve our quality of service.

Consulting with members is critical. The survey, while providing us with feedback about how well members felt we were performing, also pointed us to areas where we could improve. For example, members continue to tell us of their growing preference for online access to their pension information. We have listened to these and other comments and will continue to strengthen those areas. This reinforces with the Board and management how important it is for us to stay in touch with our members.

GOVERNANCE AND LONG-RANGE PLANNING

In 2007, we also held a long-range planning retreat for the Board and senior management. We met in Pinawa and took time to look at strategic issues, such as Board governance and member service. We also reviewed our committee structure and examined topics such as Board education and succession planning. The Board and management gave freely of their time and this was a very useful exercise. We have now made this a regular part of our Board meeting cycle and will have another planning retreat in 2008.

LOOKING AHEAD

We will continue to strive to make positive decisions for the Fund and to strengthen areas that can be improved. We will work hard at communicating with the membership; we will listen to what they have to say and we will act accordingly to provide top quality professional service.

We will stay the course with our investment activities. Members can feel assured that we are making certain that the risk levels of our investments are appropriate and do not stray from our proven long-range planning and investing methods. We will continue to work with leading investment professionals from around the world to ensure our members have the best fund management possible. We will also continue to manage our costs to ensure the Fund is run as efficiently as possible.

ACKNOWLEDGEMENTS

First, thanks go to the members of the plan for their support and involvement, particularly in the surveys. We intend to conduct this form of broad survey at least once every four years and look forward to your continued input. Second, the staff and management deserve a vote of thanks for their hard work. They are extremely dedicated and always strive to provide a high level of service to members. The management team, led by Jeff Norton, has been invaluable to the Board as we worked our way through many of the challenging tasks that we faced in 2007.

Finally, to my colleagues on the Board, a big thank you. The Board never once backed down from the challenges it faced. We dealt with each professionally and provided the Fund with strong governance and oversight. We will continue to work hard on the members' behalf in years ahead to fulfill our role as trustees and to maintain your confidence.



Mal Anderson, Chair

Message from the President

"2007 was marked by several significant events, including the appointment of Mai Anderson as Chair in January and the Province of Manitoba's pledge in March to provide \$1.5 billion in additional funding. While this added a number of tasks to an already busy year, we entered 2008 as a stronger organization in many key areas."

JEFF NORTON | PRESIDENT & CEO



Thank you for taking the time to review our 2007 Annual Report. I am pleased to share with you some of the highlights of our year, starting with our investment performance.

INVESTMENT PERFORMANCE

The portfolio returned 5.7% in 2007, exceeding our benchmark by 0.5% and placing us in the top quartile of comparable pension plans. Although this return was slightly below our long-term actuarial assumption of 6.25%, we were generally satisfied with how the portfolio performed given the overall market conditions.

During 2007, TRAF conducted a comprehensive review of its asset allocation and made some strategic adjustments in an effort to achieve greater long-term returns and better diversify its holdings. Establishing and maintaining a properly diversified portfolio is the principal strategy available to mitigate risk and reduce volatility of returns. Please refer to the Investments section of this report for additional details.

FUNDING STATUS

The most recent valuation of the plan was as of January 1, 2006 and was summarized in last year's Annual Report. At that time, the plan had a small funding deficit of \$12.9 million,

which was less than 1% of the plan's total liabilities. It is common for pension plans like ours to have small deficit or surplus positions. Ours is within an acceptable range. The next valuation is scheduled for January 1, 2009.

COST OF LIVING ADJUSTMENT (COLA)

TRAF pensions were increased by 0.63% in July 2007. This increase represented approximately 39% of the increase in the Consumer Price Index (CPI) during 2006. This loss of purchasing power of TRAF pensions has been an issue for many years. In fact, 2007 was the fifth consecutive year that the COLA granted was less than 50% of CPI.

In 2007, the Province of Manitoba appointed former provincial cabinet minister Tim Sale to chair a special working session of the Pension Task Force (PTF) dedicated to this issue. The PTF discussions included representatives from government, The Manitoba Teachers' Society (MTS) and the Retired Teachers Association of Manitoba (RTAM). TRAF also participated in a support role to provide information and documents as requested. Mr. Sale was specifically asked to develop recommendations on measures that might be taken to increase the capacity of the current Pension Adjustment Account. Mr. Sale's report, dated October 2007, has been submitted to the participating parties for review.

OPERATIONAL INITIATIVES

Website & Online Services

TRAF completely revamped its website in 2007. We added sections dedicated to Investments and Governance to give plan members a better view of their plan and its oversight. In addition to these specific sections, we updated each area of the website to ensure that relevant and current information is readily available and easy to access. We encourage you to visit us at www.traf.mb.ca and provide us with your comments or suggestions.

We also expanded our online services to give our members easier access to information about their individual pensions. Please refer to the Member Services section of this report for additional information. These initiatives are part of our ongoing efforts to develop new and more efficient ways to communicate with and serve our members.

Policies & Procedures

In 2007, we focused on completing our project to review and update each of TRAF's policies and procedures relating to the Member Services department. Among other things, this resulted in the creation of a formal Member Appeal Policy to better address individual members' issues. We also commenced a similar review of the policies and procedures of the Finance department, which is scheduled for completion in 2008. Proper policies and procedures will both improve efficiencies and ensure we have a consistent approach on all issues that we face in the course of administering the plan.

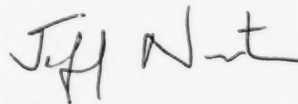
Risk Management

We were pleased to complete and activate our new disaster recovery site, which will permit our operations to continue in the event of a major disaster. In addition, we continued to strengthen our internal controls. For example, we conducted a comprehensive review of our Information Services department, which resulted in us instituting some important new policies regarding many of the computer applications that support our business processes. We also reviewed various aspects of our investment program in order to gain an improved understanding of the risks required to achieve a satisfactory level of investment return. This is crucial as we seek to balance stability with adequate investment growth.

ACKNOWLEDGMENTS

I thank everyone at TRAF for another year of extraordinary effort. The membership is extremely fortunate to have such an experienced and dedicated group of people working on their behalf. I also compliment the Board for a very busy and successful year. Beyond its 10 regular meetings and several committee meetings, significant time was dedicated to thoroughly reviewing our investment program and strengthening our governance structure. On behalf of both staff and the membership, I thank the Board for all of this behind the scenes effort.

Please read the balance of this report or visit our website at www.traf.mb.ca to view a summary video presentation. As always, if you have any questions or concerns, please let us know.



Jeff Norton, President & CEO

Governance

The Teachers' Retirement Allowances Fund Board was established and currently exists under the authority of The Teachers' Pensions Act (TPA). The TPA provides for the establishment of a Board and an Investment Committee. The Board also has the ability to establish such other committees as it deems appropriate to administer the provisions of the TPA.

BOARD MEMBERS

The Board consists of seven members appointed by the Lieutenant Governor in Council. Three of the members are appointed from a list of nominees provided by The Manitoba Teachers' Society (MTS). The other four members are selected from the general public. The Board operates with a Chair and a Vice Chair. The Lieutenant Governor in Council designates which Board members shall serve in these capacities. There are no fixed terms for Board members. Rather, the Lieutenant Governor in Council sets the appointment terms for each member when he or she is appointed.

BOARD RESPONSIBILITIES

The general responsibilities of the Board are to:

- provide overall strategic direction
- approve matters of policy
- ensure that the organization fulfills the investment and administrative obligations set out in the TPA and complies with the requirements of both *The Pension Benefits Act* (PBA) and the *Income Tax Act* (ITA)

In discharging its general responsibilities, the Board must:

- approve the annual operating and capital budget of the Fund
- obtain an actuarial valuation of the Fund at least every three years
- annually obtain an actuarial valuation of the Pension Adjustment Account (PAA) and set the annual cost of living adjustment (COLA)
- annually review the Fund's Statement of Investment Policies & Procedures (SIP&P)
- oversee the annual audit of the Fund by the Office of the Auditor General
- prepare an Annual Report and submit it to the minister responsible for the TPA
- appoint the Chief Executive Officer and annually review his or her performance
- assess the performance of the Board itself including an annual peer review
- establish procedures to identify and resolve conflicts of interest

The Board delegates the day-to-day management of TRAF to the President & CEO and his or her staff.

BOARD OF DIRECTORS | (LEFT TO RIGHT)
MAL ANDERSON (CHAIR), RAY DESROCHERS,
GLEN ANDERSON, LUCY VOGRIG, TERRY CLIFFORD,
PAT ISAAK (VICE CHAIR), HENRY SHYKA

ACCOUNTABILITY & TRANSPARENCY

The Board places a high priority on accountability and transparency of activities to plan members. Plan members and beneficiaries have a right to know how their contributions are spent and invested. This Annual Report, which includes a 10-Year Data Summary and the Audited Financial Statements, is the primary means to provide this information.

TRAF continually strives to identify pertinent information for inclusion in its Annual Report. In 2006, we commenced reporting various metrics on the costs to administer the plan and invest its assets. This year, we have added the attendance records of our Board and committee members and expanded the 10-Year Data Summary in several areas. We have also included, as part of the Audited Financial Statements, the annual compensation paid to senior management.

In addition to the Annual Report, regular contact is maintained with members and beneficiaries through newsletters, annual benefit statements, website postings, surveys, presentations, meetings, telephone discussions and correspondence. Members who are not satisfied with staff decisions concerning plan entitlements now have recourse to appeal through a policy that was adopted by the Board effective January 1, 2008.

TRAF is committed to continuing the process of increasing accountability and transparency in all aspects of our operations.

INVESTMENT COMMITTEE

Current Members: Mal Anderson (Chair); Gary Gibson (Assistant Deputy Minister of Finance); Henry Shyka (Teacher Representative); Glen Anderson (Teacher Observer)

The Investment Committee oversees and directs our investment activities. The Chair of the Board and a teacher representative from the Board sit on this committee along with the Deputy Minister of Finance for the Province of Manitoba (or designate). Pursuant to the provisions of the TPA, the Chair of the Board also chairs the Investment Committee. A second teacher representative from the Board serves as an observer on this committee. In addition, all Board members are invited and typically attend meetings of the Investment Committee.

Under the terms of TRAF's SIP&P, the Investment Committee is responsible to:

- provide authorities for the investment of the assets of the Fund
- monitor compliance with the SIP&P
- review asset allocation and individual investment manager performance
- advise the Board with respect to selecting, retaining and terminating investment managers
- establish annually, for approval by the Board, the asset allocation for the Fund

All recommendations of the Investment Committee must be approved by the Board prior to implementation.



AUDIT COMMITTEE

Current Members: Ray Desrochers (Chair); Lucy Vogrig; David Asselstine (External Member)

The Audit Committee is responsible to ensure that TRAF is fulfilling its obligations with respect to financial reporting. Two Board members as well as an external accounting professional sit on the Audit Committee. In addition to overseeing the preparation and audit of TRAF's annual financial statements, the Audit Committee also provides input on TRAF's internal controls and risk management activities. This includes an annual review of our Code of Conduct and policies regarding Conflicts of Interest and Whistleblower Protection.

TRAINING & EDUCATION

An orientation program is in place for new Board and committee members to assist them in fulfilling their governance duties. This program includes discussion of the background, history and mandate of TRAF, and provides an early opportunity for interaction with senior management. TRAF also supports Board members' ongoing participation in relevant courses and conferences.

In 2007, the Board held an off-site retreat focused primarily on governance related items. This included reviewing the committee structure, assessing our educational initiatives and better defining the distinction between the Board's oversight role and management's operational role. One of the specific activities undertaken was an evaluation process with each Board member assessing both his or her own performance as well as that of the other Board members.

MEETINGS

The Board holds 10 scheduled meetings each year, in addition to special meetings as necessary. The Board members meet in-camera (ie. with no members of management present) for a portion of each meeting. The Board also has a session with the President and Chief Executive Officer during which no other members of management are present.

The Investment Committee meets at least four times each year, although it is more typical for it to hold approximately six meetings each year. The Audit Committee meets at least twice each year and also has in-camera sessions with the external auditor. To guide Board and committee members in the orderly discharge of their responsibilities, there is an annual calendar which shows the items to be on the meeting agendas of the Board and each of its committees.

MEETING ATTENDANCE

The table below shows the number of meetings attended by each director relative to the total number of meetings that could have been attended. Aggregate Board and committee attendance was 95.1% for 2007.

Name	Board	Investment Committee	Joint Board/ Investment Committee	Audit Committee
Mal Anderson	9 of 10	6 of 6	3 of 3	n/a
Pat Isaak ¹	10 of 10	n/a	3 of 3	n/a
Henry Shyka ^{1,2}	10 of 10	6 of 6	3 of 3	1 of 1
Glen Anderson ¹	10 of 10	6 of 6	3 of 3	n/a
Terry Clifford	9 of 10	n/a	2 of 3	n/a
Ray Desrochers	8 of 10	n/a	2 of 3	2 of 2
Lucy Vogrig ³	10 of 10	n/a	3 of 3	1 of 1
Ewald Boschmann ⁴	n/a	4 of 4	2 of 2	n/a
Gary Gibson ⁵	n/a	1 of 1	n/a	n/a
David Asselstine	n/a	n/a	n/a	2 of 2

¹ MTS nominee.

² Ceased to be a member of the Audit Committee effective October 15, 2007.

³ Appointed to the Audit Committee effective October 15, 2007.

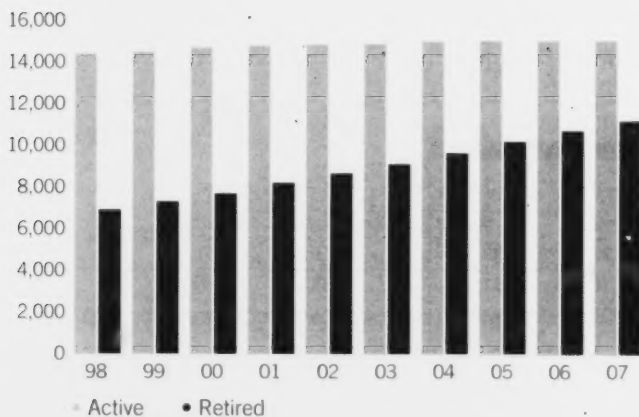
⁴ Ceased to be a member of the Investment Committee effective June 18, 2007.

⁵ Appointed to the Investment Committee effective November 19, 2007.

Member Services

In 2007, the total membership increased by 240 or 0.8%, but the ratio of active to retired members continued to decrease. In 1999, the ratio of active to retired members was 2.0 to 1. By the end of 2007, this ratio had narrowed to 1.3 to 1. We need to be conscious of this and other trends as we plan for the future.

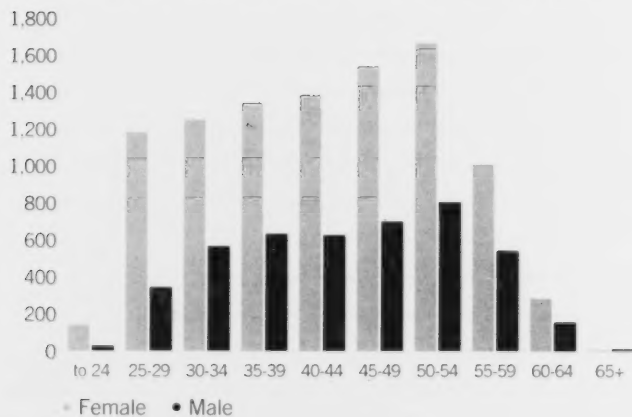
MEMBERSHIP



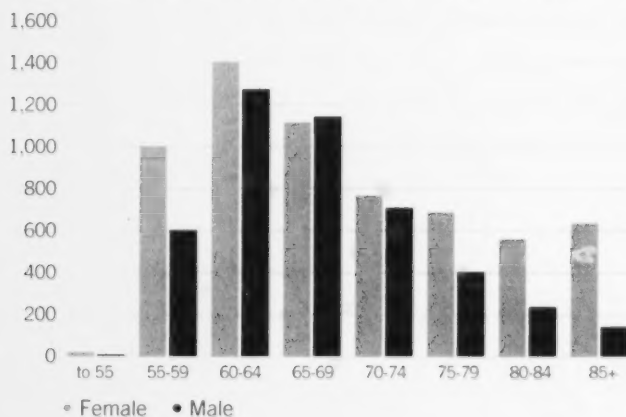
HIGHLIGHTS

- the average age of all active members is 44.0 years
- over 2,000 members are currently eligible to receive a pension
- about 2,500 more members will become eligible to receive a pension in the next five years
- 826 new members entered the plan during 2007, while 625 pensions were processed for new retiring members
- the average age of all retired members is 68.5 years
- there are currently 776 retired members (including beneficiaries of deceased members) over age 85, and 21 over age 100

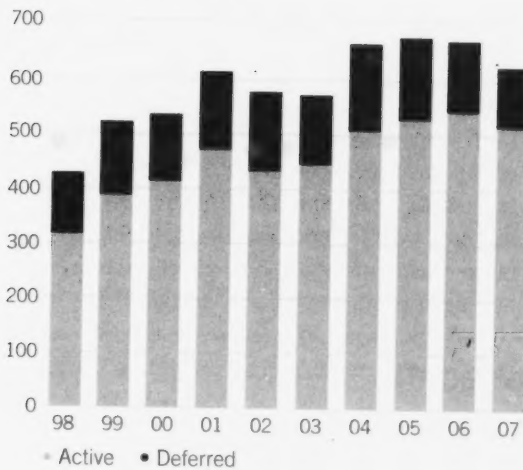
AGE & GENDER DISTRIBUTION – ACTIVE MEMBERS



AGE & GENDER DISTRIBUTION – RETIRED MEMBERS



NEW RETIREMENTS



	2007		2006	
	Female	Male	Female	Male
Active	325	190	331	212
Deferred	74	36	87	43

RETIREE PROFILE

NEW RETIREES (excluding deferred members)

	Combined	2007 Female	Male	Combined	2006 Female	Male
Average Age (years)	58.38	58.33	58.46	57.96	57.89	58.07
Average Service (years)	28.38	26.70	31.26	28.00	26.25	30.74
Average Monthly Pension	\$2,380	\$2,222	\$2,651	\$2,298	\$2,151	\$2,528
Average Projected Years on Pension (excluding survivors)	27	28	25	27	28	25

ALL RETIREES

	Combined	Female	Male	Combined	Female	Male
Average Monthly Pension	\$1,930	\$1,693	\$2,250	\$1,902	\$1,654	\$2,234

PENSIONS IN PAY

	2007	2006
Retired Members		
Female	5,648	5,376
Male	4,440	4,273
Beneficiaries of Deceased Retired Members		
Female	466	412
Male	103	71
Recipients of Other Benefits Including Annuities	482	531
Total Recipients	11,139	10,663

INFORMATION DELIVERY

While there were fewer pension estimates requested last year, this decrease was offset by an increased use of the online pension estimator. In addition, we experienced an increase of over 7% in member appointments. Our decision to schedule appointments one Saturday each month continues to be valued by our members. In 2007, we conducted 146 appointments on Saturdays, representing over 10% of all appointments.

INFORMATION REQUESTS

	2007	2006
Pension Estimates	5,664	6,135
Appointments	1,391	1,298

SEMINARS

	2007	2006
Winnipeg	19	20
Rural	10	12

We also provide information relating to purchasing service (such as maternity leave and substitute service), information regarding transfers to and from other pension plans, and calculations required as a result of marriage breakup and death. In addition, we respond to numerous general phone calls and e-mail inquiries.

WEBSITE & ONLINE SERVICES

In 2007, we redesigned and expanded our website to improve navigation and provide more detail, particularly in the areas of governance and investments. Video presentations relating to highlights of the Annual Report and the Pre-Retirement Seminar continue to be available on our website.

In addition, the following online services were added:

- access to personal Benefits Statements for active members
- access to T4A tax slips and personal correspondence for retired members
- the ability for members registered for a Pre-Retirement Seminar to schedule an appointment with a Member Service Specialist
- the ability for members purchasing past service on an installment basis to determine their remaining balance as of any date

You will find an easy to follow demonstration video on our website that guides you through the registration process and describes the features available. Through these improvements and increased awareness, the number of online registrants has increased from less than 500 at the end of 2006 to almost 1,400 by the end of 2007.

SCHOOL DIVISION REPORTING

In order to provide accurate and timely benefit information to members, we rely on the school divisions to report salary, service and contribution data for each member. TRAF works closely with school divisions to continually enhance the processes related to data reporting. In 2007, we conducted four training sessions in which all school divisions participated. This, as well as an audit program, has helped improve the timeliness and quality of the reports. As a result, 98% of the required information was submitted and approved two weeks earlier than in previous years. We appreciate the extra effort undertaken by the school divisions to provide this required data.

BRENDA VENUTO | VICE PRESIDENT, MEMBER SERVICES



SURVEYS

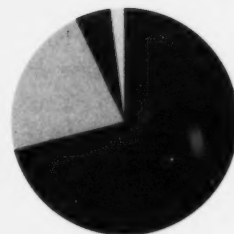
Last year we conducted a survey to measure the effectiveness of TRAF's services and communications to members. A random sample of 614 active and retired members were surveyed by an independent research firm. Participants were asked to provide their perceptions of our services and communication materials, as well as their understanding of TRAF's role.

The survey results were very positive with 93% of those surveyed responding that they are somewhat or very satisfied with our services and 92% indicating that they are somewhat or very satisfied with the time it takes to respond to an inquiry. While we are pleased with these results, we will continue to enhance service levels and delivery methods so that members' needs continue to be met efficiently and cost effectively. The full survey results can be found at www.traf.mb.ca.

TRAF continues to solicit feedback from members both through online and traditional surveys in other areas such as personal appointments and Pre-Retirement Seminars. Results of these surveys continue to show high satisfaction in all service areas, particularly with the level of knowledge and explanations provided by Member Service Specialists during member appointments.

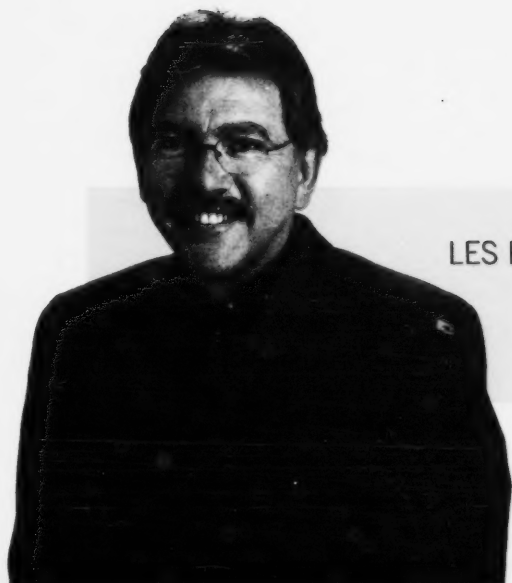
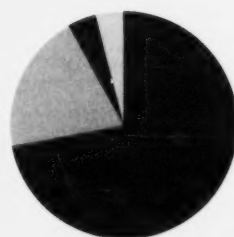
SATISFACTION WITH SERVICES

• Very Satisfied	71%
• Somewhat Satisfied	22%
• Dissatisfied	5%
• Don't Know	2%



SATISFACTION WITH RESPONSE TIME

• Very Satisfied	72%
• Somewhat Satisfied	20%
• Dissatisfied	4%
• Don't Know	4%



LES BROWN | VICE PRESIDENT, INFORMATION SERVICES

ADMINISTRATIVE COSTS

TRAF works hard to deliver its services on a cost effective basis. All expenses incurred are allocated between administrative and investment activities. The table below sets out our administrative related expenses for 2007 as compared to 2006. Refer to the Investments section of this report for an analysis of our investment related expenses.

Consistent with past practice, we have excluded pension interest costs of \$203,000 (2006 - \$190,000) as they are generally offset by investment earnings on funds set aside

to support the pension amounts to be paid to TRAF employees in the future.

With 26,126 active and retired members in 2007, TRAF's Administrative Cost per Member was \$114, which represents a 5.8% decrease from the 2006 amount of \$121 per member. Refer to the 10-Year Data Summary in this report for a review of these costs since 1998.

Based on publicly available information, TRAF's administrative costs are reasonable when compared to plans of similar size, structure and complexity.

EXPENSE CATEGORY

(\$ thousands)

	2007	2006
Salaries and Benefits	\$ 2,031	\$ 2,140
Office and Administration	564	547
Actuarial	132	224
Custody and Banking	12	12
Communications	103	60
Travel	37	19
Professional Fees	62	63
Board and Committees	31	34
Total	\$ 2,972	\$ 3,099

ROSS HADALLER | VICE PRESIDENT, FINANCE



Funding Status

The funding status of a pension plan is the primary measure of its financial position. It is determined through an actuarial valuation, which compares the value of plan assets to the expected costs of future benefits payable to plan members, each as of the valuation date.

In connection with a valuation, the actuary must make a number of assumptions regarding the future value of assets and cost of benefits. Key among those assumptions are the rate of return on investments and the life expectancy of plan members. Over time, the cost of benefits must balance with contributions and investment returns.

BASIC BENEFIT ACCOUNTS (ACCOUNTS A & B)

Account A represents the pre-funded, member-financed portion of the Fund and is responsible for the payment of roughly one-half of the basic pensions paid to retired members. Account B represents the unfunded, government-financed portion of the Fund and is responsible for the payment of roughly one-half of the basic pensions plus one-half of the Cost of Living Adjustments (COLAs) paid to retired members. Account B is financed by the province as benefit payments are made. Since November 2007, this has been facilitated by way of transfers from the Province of Manitoba Trust Account.

The Teachers' Pensions Act requires that an actuarial valuation be conducted at least once every three years. The most recent actuarial valuation of the assets and liabilities of Account A (excluding the Pension Adjustment Account, which is valued separately) and Account B was completed as of January 1, 2006 by Aon Consulting Inc., the actuary for the Fund. It showed a funding deficit of \$12.9 million, which was less than 1% of the plan's total liabilities. The next full actuarial valuation will be performed as of January 1, 2009.

A copy of the actuarial valuation as of January 1, 2006 is available to members upon request.

PENSION ADJUSTMENT ACCOUNT

The Pension Adjustment Account (PAA) was established in 1977 for the purpose of financing one-half of annual COLAs granted to retired members. The province finances the other half of the COLAs as benefit payments are made.

The PAA is currently credited with 16.6% of all teacher contributions. This percentage will increase by 0.1% every five years until the percentage reaches 17.0%. The next scheduled increase will occur on September 1, 2010. The PAA account balance is also adjusted by the net investment returns of the Fund's mortgage, bond and debenture holdings in the applicable calendar year. An actuarial valuation of the PAA is conducted annually to determine the amount of COLA that can be granted. Annual COLAs are the lesser of the prior year change (December over December) in the Consumer Price Index (CPI) for Canada and the amount that the PAA can support as determined by the plan's actuary.

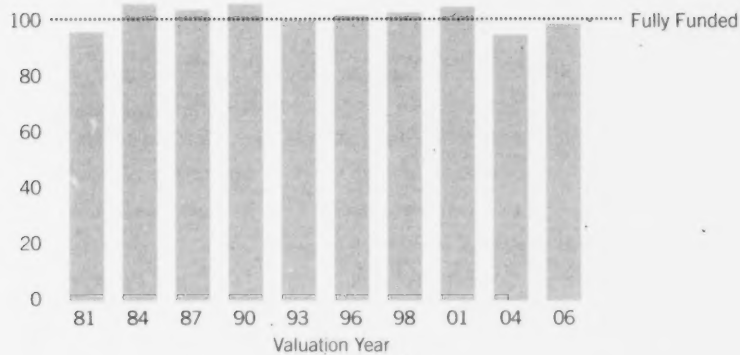
The valuation of the PAA as of December 31, 2006 showed a surplus of \$9.3 million prior to the granting of a COLA for 2007. This enabled TRAF to grant a cost of living increase of 0.63% effective July 1, 2007. This was approximately 39% of the 1.60% increase in CPI (Canada) during 2006. As communicated in the 2006 Annual Report, we continue to expect that future COLAs will average approximately 0.8% per annum for the foreseeable future.

In March 2007, the Province of Manitoba appointed Mr. Tim Sale to assist the Pension Task Force in reaching some consensus on measures that might be taken to increase the capacity of the PAA. Mr. Sale issued a written report dated October 2007, which set out various recommendations. Discussions regarding the possible adoption of some or all of such recommendations are ongoing.

ACCOUNT A FUNDING STATUS

(%)

120



PENSION ADJUSTMENT ACCOUNT INVESTMENT RETURN

(%)

14

12

10

8

6

4

2

0

-2

-4

98

99

00

01

02

03

04

05

06

07

9.4%

(2.2%)

12.7%

8.9%

9.2%

6.8%

7.7%

6.9%

5.2%

4.0%

CPI - COLA COMPARISON

(%)

4.0

3.5

3.0

2.5

2.0

1.5

1.0

0.5

0

98

99

00

01

02

03

04

05

06

07

CPI - Canada, Prior Year

COLA Granted

0.8%

1.0%

2.6%

3.2%

0.8%

0.8%

3.9%

2.0%

0.6%

0.4%

2.2%

1.6%

0.7%

0.7%

PROVINCE OF MANITOBA TRUST ACCOUNT

In 2001, the Province of Manitoba established a trust account with TRAF for the purpose of accumulating funds for the eventual elimination of the province's unfunded pension obligations. At December 31, 2006, this account held \$315.7 million. On March 22, 2007, the province announced that it would deposit an additional \$1.5 billion to this account during 2007. The account balance at the end of 2007 increased to \$1.9 billion. The province has advised that it will continue to make monthly contributions to this account in amounts at least equal to that required to match all current teacher contributions.

The Funds held in the Province of Manitoba Trust Account are commingled with the plan assets for investment purposes. The trust account is credited with investment earnings equal to that of the Fund, less its proportionate share of the internal and external investment management costs.

Investments

TRAF's investments produced a return of 5.7% in 2007, placing the Fund in the top quartile of comparable pension plans. This return was 0.5% over the Fund's benchmark, producing more than \$13 million of additional return for the Fund. This marked the fourth consecutive year that TRAF's return exceeded the benchmark. The aggregate amount generated by such excess returns over this period was approximately \$120 million.

OBJECTIVES

The objectives for TRAF's investment performance over the long-term are to:

exceed the aggregate returns achieved by the Fund's index-based benchmark asset mix by 0.5% per annum

exceed the median fund performance results achieved in a universe of comparable balanced funds as calculated by an independent provider of performance measurement services

achieve the expected rate of return assumed in the most recent actuarial reports of Account A and the Pension Adjustment Account (PAA)

We are pleased to report that TRAF has achieved each of these objectives over the past 10 years on an annualized basis.

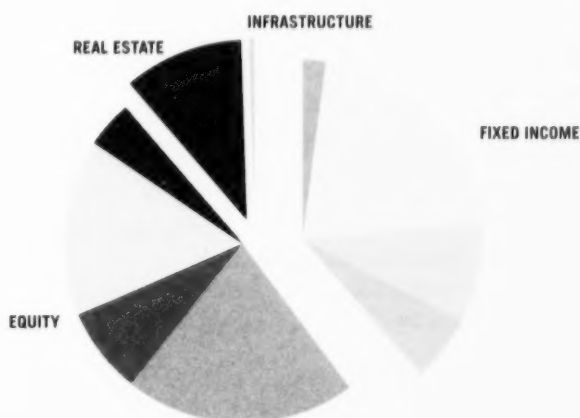
ASSET ALLOCATION

A key step in achieving our investment objectives is to have investment assets properly allocated among the various asset classes. To this end, TRAF annually determines target allocations, as well as acceptable ranges around such targets to accommodate both transitional matters and normal market fluctuations.

In 2007, TRAF modelled its expected assets and liabilities for the 20-year period from January 1, 2006 (the date of the last actuarial valuation) to the end of 2025. As a result of this exercise, TRAF adjusted its asset mix and added allocations to long bonds, small capitalization stocks and emerging market stocks. In addition, TRAF established Infrastructure as a dedicated asset class with a long-term target allocation of 5%.

INVESTED ASSETS

	Target (%)	Actual (%)
FIXED INCOME		
• Cash & Short-Term	1.0	2.1
• Public Bonds (Universe)	16.0	21.6
• Public Bonds (Long)	8.0	8.9
• Mortgages	8.0	5.9
• High Yield Debt	4.0	1.3
Total	37.0	39.8
EQUITY		
• Canadian Equity	21.0	20.9
• US Equity	9.0	7.8
• International Equity	16.0	16.0
• Private Equity	5.0	4.2
Total	51.0	48.9
• REAL ESTATE	11.0	10.8
• INFRASTRUCTURE	1.0	0.5



ASSET ALLOCATION & BENCHMARKS

(AS OF DECEMBER 31, 2007)

			Target (%)		Actual (%)	
Asset Class	Benchmark	Account A	PAA	Account A and PAA Combined	Account A and PAA Combined	
FIXED INCOME						
Cash & Short-Term	DEX 91-Day T-Bill Index	1.1	n/a	1.0	2.1	
Public Bonds (Universe)	DEX Universe Bond Index	14.4	44.5	16.0	21.6	
Public Bonds (Long)	DEX Long-Term Bond Index	7.2	22.2	8.0	8.9	
Mortgages	DEX Conventional Mortgage Index	7.2	22.2	8.0	5.9	
High Yield Debt	DEX High Yield Bond Index	3.6	11.1	4.0	1.3	
TOTAL FIXED INCOME		33.5	100.0	37.0	39.8	
EQUITY						
Canadian	S&P/TSX 10% Capped Index	22.1		21.0	20.9	
Large Cap		19.5		18.5	18.3	
Income & Growth		2.6		2.5	2.6	
US	S&P 500 Index	9.5		9.0	7.8	
Large Cap Growth		2.1		2.0	2.0	
Large Cap Value		4.2		4.0	2.8	
Small-Mid Cap Growth		2.1		2.0	2.1	
Small-Mid Cap Value		1.1		1.0	0.9	
International	MSCI EAFE Index	16.9		16.0	16.0	
Large Cap Growth		7.4		7.0	7.0	
Large Cap Value		5.3		5.0	4.9	
Small-Mid Cap Value		2.1		2.0	2.0	
Emerging Markets		2.1		2.0	2.1	
Private		5.3		5.0 ¹	4.2	
Equity-Oriented	S&P/TSX 10% Capped Index +5%	4.2		4.0	3.5	
Debt-Oriented	DEX Universe Bond Index +3%	1.1		1.0	0.7	
TOTAL EQUITY		53.8	n/a	51.0	48.9	
REAL ESTATE						
Canadian	IPD Canadian Property Index	11.6		11.0	10.8	
TOTAL REAL ESTATE		11.6	n/a	11.0 ²	10.8	
INFRASTRUCTURE						
Global	DEX Universe Bond Index +3%	1.1		1.0	0.5	
TOTAL INFRASTRUCTURE		1.1	n/a	1.0 ³	0.5	
TOTAL PORTFOLIO		100.0	100.0	100.0	100.0	

¹ Long-term target of 10.0%.² Long-term target of 13.0%.³ Long-term target of 5.0%.

BENCHMARK ADJUSTMENTS

During 2007, TRAF worked with Aon Consulting on a comprehensive review of its benchmarks to ensure that they aligned with their respective mandates. As a result, we made the following adjustments effective January 1, 2008:

Asset Class	Former Benchmark	New Benchmark
High Yield Debt	DEX High Yield Bond Index	50% Merrill Lynch US High Yield Masters II Index and 50% Merrill Lynch Canadian Issuers Index
US Equity	S&P 500 Index	Russell 3000 Index
International Equity	MSCI EAFE Index	MSCI All Country World Index ex US
Private Equity – Equity Oriented	S&P/TSX 10% Capped Index +5%	MSCI World Index +3%
Infrastructure	DEX Universe Bond Index +3%	CPI +5%

INVESTMENT MANAGERS

TRAF engages various investment managers to select individual stocks, bonds and other securities for each asset class. The table below summarizes our primary managers by asset class. Three new managers were added in 2007.

Manager	Mandate(s)	Year Engaged
FIXED INCOME		
Greystone Managed Investments	Cash & Short-Term	1999
	Public Bonds (Universe)	1999
	Mortgages	1999
TD Asset Management	Public Bonds (Long)	2007
Marret Asset Management	High Yield Debt	2004
PUBLIC EQUITY		
Greystone Managed Investments	Canadian	1999
	US	2000
TD Asset Management	Canadian	2007
Enhanced Investment Technologies	US	2004
Goldman Sachs Asset Management	US	2003
	International (EAFE)	2004
Dimensional Fund Advisors	US	2007
	International (EAFE)	2007
	International (Emerging Markets)	2007
Franklin Templeton Investments	International (EAFE)	1990
Hansberger Global Investors	International (EAFE)	2004
PRIVATE EQUITY		
Frontier Capital Partners	Debt-Oriented	2002
TD Capital Mezzanine Partners	Debt-Oriented	2004
Penfund Management	Debt-Oriented	2007
CAI Capital Partners	Equity-Oriented	1991
TD Capital Private Equity Investors	Equity-Oriented	2002
TorQuest Partners	Equity-Oriented	2002
Imperial Capital Management	Equity-Oriented	2003
Adams Street Partners	Equity-Oriented	2003
Paul Capital	Equity-Oriented	2003
Richardson Capital	Equity-Oriented	2004
CentreStone Ventures	Equity-Oriented	2004
Tricor Pacific	Equity-Oriented	2006
REAL ESTATE		
Greystone Managed Investments	Canadian	1999
INFRASTRUCTURE		
CFI Capital	Canadian	2004
Macquarie Funds Management	Global	2004

PERFORMANCE RESULTS

When assessing our results, the performance of each asset class is compared to the benchmark that has been selected by the Investment Committee and approved by the Board.

This quantitative analysis, together with other qualitative criteria, assists in the review of each investment manager.

We also measure our overall portfolio performance against a weighted average of the passive benchmark returns based on our target allocations.

The table below shows the returns for each asset class, the total portfolio return and the corresponding benchmark return for the one-year, five-year and 10-year periods ending December 31, 2007.

ANNUAL PERFORMANCE SUMMARY¹

RETURNS (%)	1 - YEAR	5 - YEAR	10 - YEAR
TOTAL FUND	5.7	12.2	8.9
Benchmark	5.2	11.3	8.0
Value Added	0.5	0.9	0.9
FIXED INCOME			
Cash & Short-Term	4.4	3.3	4.0
Benchmark	4.4	3.2	3.8
Value Added	0.0	0.1	0.2
Public Bonds²	4.0	5.9	6.6
Benchmark	4.3	5.6	6.3
Value Added	-0.3	0.3	0.3
Mortgages	5.3	6.4	7.4
Benchmark	4.1	5.3	6.5
Value Added	1.2	1.1	0.9
High Yield Debt	-0.2	8.5	n/a
Benchmark	5.1	8.2	n/a
Value Added	-5.3	0.3	n/a
EQUITY			
Canadian	11.6	19.5	13.2
Benchmark	9.8	18.3	10.6
Value Added	1.8	1.2	2.6
US	-6.7	5.6	3.8
Benchmark	-10.5	2.7	2.1
Value Added	3.8	2.9	1.7
International	-4.2	11.5	5.3
Benchmark	-5.7	10.7	4.7
Value Added	1.5	0.8	0.6
Private³	-5.4	n/a	n/a
Benchmark	13.1	n/a	n/a
Value Added	-18.5	n/a	n/a
REAL ESTATE			
Canadian	20.2	17.5	14.9
Benchmark	16.4	14.7	13.1
Value Added	3.8	2.8	1.8

¹ Information compiled by Towers Perrin, an independent provider of performance measurement services. Returns are gross of fees, except for Private Equity which is net of investment manager fees.

² Long Bond mandate was initiated in the fourth quarter of 2007. Universe and Long Bond mandates have been blended for 1-Year Performance and Benchmark data.

³ Private Equity includes Infrastructure. Prior to 2006, Private Equity and Infrastructure returns were incorporated into Canadian Equity returns.

Five of nine asset classes (namely Mortgages, Canadian Equity, US Equity, International Equity and Real Estate), representing approximately 62% of total assets, outperformed their respective benchmark returns during 2007. Because our objectives are long-term in nature, it is perhaps more relevant to note that each asset class with a 10-year history to December 31, 2007 has exceeded its benchmark return over such period. On a total fund basis, the excess return over the benchmark for the 10-year period from 1998 to 2007 was 0.9%. We will strive to achieve similar or better results over the next 10 years.

TRAF's overall performance in 2007 placed it in the first quartile among its peers. Despite this strong relative performance, the net returns after fees in 2007 experienced by the Basic Benefit Account (5.4%) and the PAA (4.0%) did not exceed TRAF's long-term actuarial funding assumptions of 6.25% per annum and 4.50% per annum, respectively. However, these are long-term requirements and it is expected that normal market fluctuations will result in the performance of some years, such as 2007, being below the long-term requirement.

Please note that prior to 2006 Private Equity was included as part of the Canadian Equity asset class and its returns were not separately stated. In 2006, our Private Equity portfolio returned 14.1%, but in 2007 it returned negative 5.4%. While some of our Private Equity managers experienced various challenges in 2007, our returns were also eroded to a significant degree by the strengthening of the Canadian dollar and the increased amount of undrawn commitments. With Private Equity, investors such as TRAF typically pay investment management fees on committed amounts during the investment period, even though all of the funds have not yet been invested. In 2006 and 2007, TRAF committed approximately \$300 million to Private Equity, which significantly increased our fees and reduced the performance of the amount of invested assets. This situation is typical and is referred to as the "j-curve effect". As we noted in the 2003 Annual Report, negative returns in the Private Equity asset class are common as investments are being funded. We reiterate that observation at this point as TRAF continues to develop its Private Equity program over the next three to five years.

INFRASTRUCTURE

Through its relationship with Macquarie Funds Management, TRAF has invested in the project to improve the Sea to Sky Highway, a 100 km section of highway between West Vancouver and Whistler, British Columbia, in advance of the 2010 Olympic Games.



INVESTMENT COSTS

TRAF closely manages investment related costs as they directly affect net returns. Our investment related expenses for 2007 and 2006 are set out in the table below. A significant portion of the increased costs are as a result of our investments increasing from approximately \$3.0 billion to over \$4.6 billion by the end of 2007.

The investment manager fees are those paid to external managers for all asset classes other than Private Equity. The Private Equity manager fees are the base management fees charged in the year by "fund-of-funds" Private Equity managers. While the Private Equity manager fees are currently accounted for in our rate of return calculations (ie. TRAF's 5.7% rate of return is net of these fees), they represent an outsourcing decision by TRAF and are therefore included in our investment related costs.

The other expenses reflect that portion of the overall general expenses that were incurred in connection with investment related activities. Once determined, the total investment related costs are divided by TRAF's average amount of invested assets throughout the year. Based on this methodology, our investment related costs in 2007 were 26 basis points, or \$0.26 per \$100 of invested assets. This was unchanged from 2006. Please refer to the 10-Year Data Summary in this report for information on these costs since 1998.

Based on publicly available reports and other sources of information, TRAF's investment related costs are similar to, or less than, other plans of similar size and structure.

EXPENSE CATEGORY

(\$ thousands)

	2007	2006
Investment Manager Fees	\$ 6,916	\$ 5,342
Private Equity Manager Fees	2,033	1,361
Salaries and Benefits	320	188
Office and Administration	63	55
Custody and Banking	382	291
Communications	3	3
Travel	13	14
Professional Fees	31	35
Board and Committees	25	28
Portfolio Oversight	124	16
Total	\$ 9,910	\$ 7,333

REAL ESTATE

TRAF has invested in numerous commercial real estate properties across the country. For example, TRAF is a significant part owner of 386 Broadway in Winnipeg. Greystone Managed Investments manages all of TRAF's real estate holdings.



Summary of Portfolio Holdings

FIXED INCOME HOLDINGS

CASH & SHORT-TERM

GREYSTONE MANAGED INVESTMENTS

TYPE	%
Treasury Bills	47
Bankers Acceptances	49
Commercial Paper	0
US Cash	4
	100

PUBLIC BONDS (UNIVERSE)

GREYSTONE MANAGED INVESTMENTS

TYPE	%
Canadian	46
Provincial	30
Corporate	23
Municipal	1
	100

PUBLIC BONDS (LONG)

TD ASSET MANAGEMENT

TYPE	%
Canadian	33
Provincial	46
Corporate	20
Municipal	1
	100

MORTGAGES

GREYSTONE MANAGED INVESTMENTS

PROPERTY TYPE	%
Industrial	27
Office	24
Residential	23
Retail	25
Mixed Use	1
	100

PROPERTY LOCATION

	%
Ontario	32
Alberta	31
British Columbia	15
Manitoba	10
Quebec	10
Saskatchewan	2
	100

HIGH YIELD DEBT

MARRET ASSET MANAGEMENT

SECTOR	%
Energy	24
Industrial	35
Financial Services	8
Telecommunication Services	25
Other	8
	100

REGION

	%
Canada	48
US	52
	100

NOTE

In certain cases, TRAF does not directly hold title to the individual securities noted but, rather, owns interests in one or more pooled investment vehicles which in turn holds title to such securities. In these situations, the information in this summary shows TRAF's indirect holdings and equivalent economic interests in the underlying securities.

PUBLIC EQUITY HOLDINGS

CANADIAN EQUITY

GREYSTONE MANAGED INVESTMENTS

	MARKET VALUE (\$ thousands)	% ¹
TOP TEN HOLDINGS		
Toronto Dominion Bank	53,043.1	6.2
Suncor Energy Inc.	38,251.4	4.5
Bank of Nova Scotia	35,788.3	4.2
Manulife Financial Corporation	34,822.4	4.1
Research In Motion Limited	33,486.6	3.9
Husky Energy Inc.	33,464.8	3.9
Royal Bank of Canada	33,438.7	3.9
Petro-Canada	32,889.6	3.9
Potash Corporation of Saskatchewan Inc.	32,252.2	3.8
Rogers Communications Inc.	31,513.7	3.7

¹ Of total Canadian Equity holdings managed by Greystone Managed Investments.

SECTOR	%
Energy	24
Materials	14
Industrial	6
Consumer Discretionary	8
Consumer Staples	5
Health Care	0
Financial Services	30
Information Technology	6
Telecommunication Services	4
Utilities	3
	100

CANADIAN EQUITY

TD ASSET MANAGEMENT

	MARKET VALUE (\$ thousands)	% ¹
TOP TEN HOLDINGS		
Royal Bank of Canada	6,622.1	4.5
Manulife Financial Corporation	6,225.5	4.2
Research In Motion Limited	5,418.0	3.7
EnCana Corporation	5,186.2	3.5
Suncor Energy Inc.	5,105.0	3.5
Toronto Dominion Bank	5,104.1	3.5
Bank of Nova Scotia	5,063.9	3.4
Potash Corporation of Saskatchewan Inc.	4,647.1	3.2
Canadian Natural Resources Limited	3,999.4	2.7
Barrick Gold Corporation	3,707.2	2.5

¹ Of total Canadian Equity holdings managed by TD Asset Management.

SECTOR	%
Energy	28
Materials	17
Industrial	6
Consumer Discretionary	5
Consumer Staples	3
Health Care	0
Financial Services	29
Information Technology	5
Telecommunication Services	5
Utilities	2
	100

PUBLIC EQUITY HOLDINGS (cont'd)

US EQUITY

GREYSTONE MANAGED INVESTMENTS

TOP TEN HOLDINGS	MARKET VALUE (\$ thousands)	%¹
Exxon Mobil Corp.	3,825.4	4.0
McDonalds Corp.	3,335.6	3.5
Merck & Co Inc.	3,008.1	3.2
AT&T Inc.	2,968.9	3.1
Pepsico Inc.	2,665.3	2.8
Gilead Sciences Inc.	2,583.8	2.7
Express Scripts Inc.	2,520.2	2.7
Apple Inc.	2,480.8	2.6
Deere & Co.	2,457.5	2.6
Lockheed Martin Corp.	2,451.7	2.6

¹ Of total US Equity holdings managed by Greystone Managed Investments.

SECTOR	%
Energy	13
Materials	5
Industrial	15
Consumer Discretionary	7
Consumer Staples	11
Health Care	14
Financial Services	11
Information Technology	18
Telecommunication Services	3
Utilities	3
	100

US EQUITY

GOLDMAN SACHS ASSET MANAGEMENT

TOP TEN HOLDINGS	MARKET VALUE (\$ thousands)	%¹
Activision Inc.	2,491.6	2.6
Smith International Inc.	2,349.9	2.4
St. Jude Medical Inc.	2,261.8	2.3
Tessera Technologies Inc.	2,244.0	2.3
Western Union Co.	2,241.5	2.3
Weatherford International Ltd.	2,228.1	2.3
Amphenol Corp.	2,092.6	2.2
C.R. Bard Inc.	2,087.2	2.2
Charles River Laboratories International Inc.	2,061.4	2.1
Newell Rubbermaid Inc.	2,054.4	2.1

¹ Of total US Equity holdings managed by Goldman Sachs Asset Management.

SECTOR	%
Energy	12
Materials	0
Industrial	8
Consumer Discretionary	23
Consumer Staples	2
Health Care	12
Financial Services	11
Information Technology	27
Telecommunication Services	5
Utilities	0
	100

PUBLIC EQUITY HOLDINGS (cont'd)

US EQUITY

ENHANCED INVESTMENT TECHNOLOGIES

TOP TEN HOLDINGS	MARKET VALUE (\$ thousands)	% ¹
Exxon Mobil Corp.	7,979.9	5.9
General Electric Co.	6,190.4	4.5
AT&T Inc.	5,927.1	4.3
Bank of America Corp.	4,169.9	3.1
Citigroup Inc.	3,931.3	2.9
Pfizer Inc.	3,856.3	2.8
Proctor & Gamble Corp.	3,195.6	2.3
JP Morgan Chase & Co.	2,971.9	2.2
Chevron Corp.	2,956.8	2.2
Verizon Communications	2,529.8	1.9

¹ Of total US Equity holdings managed by Enhanced Investment Technologies.

SECTOR	%
Energy	12
Materials	5
Industrial	12
Consumer Discretionary	11
Consumer Staples	10
Health Care	7
Financial Services	25
Information Technology	2
Telecommunication Services	8
Utilities	8
	100

US EQUITY

DIMENSIONAL FUND ADVISORS

TOP TEN HOLDINGS	MARKET VALUE (\$ thousands)	% ¹
Arrow Electronics Inc.	271.5	0.6
Centurytel Inc.	258.4	0.6
Forest Oil Corp.	249.6	0.6
Millennium Pharmaceutical	227.7	0.5
Smithfield Foods Inc.	219.0	0.5
Allied Waste Industries	201.4	0.5
Community Health Systems	197.0	0.5
NCR Corporation	192.7	0.4
Constellation Brands Inc.	192.7	0.4
American Financial Group	184.8	0.4

¹ Of total US Equity holdings managed by Dimensional Fund Advisors.

SECTOR	%
Energy	10
Materials	7
Industrial	16
Consumer Discretionary	12
Consumer Staples	6
Health Care	8
Financial Services	23
Information Technology	17
Telecommunication Services	1
Utilities	0
	100

PUBLIC EQUITY HOLDINGS (cont'd)

INTERNATIONAL EQUITY (EAFE) FRANKLIN TEMPLETON INVESTMENTS

TOP TEN HOLDINGS	MARKET VALUE (\$ thousands)	%¹
Vodafone Group PLC	5,835.3	2.6
Telefonica SA	5,819.1	2.6
Siemens AG	5,223.0	2.3
France Telecom SA	4,993.0	2.2
Deutsche Post AG	4,057.9	1.8
British Energy Group PLC	3,998.1	1.8
BAE System PLC	3,948.0	1.7
China Telecom Corp. Ltd.	3,849.2	1.7
Total SA	3,798.6	1.7
Unilever NV	3,765.7	1.7

¹ Of total International Equity (EAFE) holdings managed by Franklin Templeton Investments.

REGION	%
Europe (except UK)	50
UK	25
Asia Pacific (except Japan)	6
Japan	10
Emerging Markets	9
	100

SECTOR	%
Energy	8
Materials	6
Industrial	14
Consumer Discretionary	14
Consumer Staples	4
Health Care	8
Financial Services	18
Information Technology	8
Telecommunication Services	16
Utilities	4
	100

INTERNATIONAL EQUITY (EAFE) HANSBERGER GLOBAL INVESTORS

TOP TEN HOLDINGS	MARKET VALUE (\$ thousands)	%¹
Prudential PLC	4,347.1	2.6
Millicom International Cellular	4,275.7	2.6
Vestas Wind Systems	4,052.5	2.4
Banco Bilbao Vizcaya Argentaria	3,717.4	2.2
UniCredito Italiano SPA	3,695.8	2.2
AXA	3,550.7	2.1
ABB Group Ltd.	3,502.1	2.1
Adidas AG	3,452.9	2.1
Iliad SA	3,450.5	2.1
Koninklijke Philips Electronics	3,403.0	2.0

¹ Of total International Equity (EAFE) holdings managed by Hansberger Global Investors.

REGION	%
Europe (except UK)	49
UK	14
Asia Pacific (except Japan)	10
Japan	12
Emerging Markets	15
	100

SECTOR	%
Energy	7
Materials	11
Industrial	13
Consumer Discretionary	12
Consumer Staples	6
Health Care	7
Financial Services	22
Information Technology	11
Telecommunication Services	8
Utilities	3
	100

PUBLIC EQUITY HOLDINGS (cont'd)

INTERNATIONAL EQUITY (EAFE)

GOLDMAN SACHS ASSET MANAGEMENT

TOP TEN HOLDINGS	MARKET VALUE (\$ thousands)	% ¹
Total SA	4,077.8	2.5
Royal Dutch Shell	3,284.1	2.0
Royal Bank of Scotland	3,201.3	2.0
Zurich Financial Services	2,918.3	1.8
Muenchener Ruckvers AG	2,913.5	1.8
BHP Billiton PLC	2,861.6	1.8
Sanofi Aventis	2,820.3	1.8
Norsk Hydro ASA	2,729.6	1.7
E.ON AG	2,619.3	1.6
BNP Paribas	2,560.6	1.6

¹ Of total International Equity (EAFE) holdings managed by Goldman Sachs Asset Management.

REGION	%
Europe (except UK)	48
UK	20
Asia Pacific (except Japan)	12
Japan	20
Emerging Markets	0
	100

SECTOR	%
Energy	10
Materials	10
Industrial	14
Consumer Discretionary	11
Consumer Staples	7
Health Care	5
Financial Services	25
Information Technology	6
Telecommunication Services	7
Utilities	5
	100

INTERNATIONAL EQUITY (EAFE)

DIMENSIONAL FUND ADVISORS

TOP TEN HOLDINGS	MARKET VALUE (\$ thousands)	% ¹
Nexans SA	837.6	0.9
Sino-Forest Corporation	783.0	0.9
Incitec Pivot Ltd.	783.0	0.9
Nutreco Holding N.V.	664.6	0.7
Bilfinger Berger AG	655.5	0.7
Amlin PLC	573.6	0.6
Rautaruukki OYJ	546.3	0.6
Hagemeyer NV	518.9	0.6
Hiscox Ltd.	500.8	0.6
Greene King PLC	491.7	0.5

¹ Of total International Equity (EAFE) holdings managed by Dimensional Fund Advisors.

REGION	%
Europe (except UK)	34
UK	16
Asia Pacific (except Japan)	17
Japan	25
Canada	8
Emerging Markets	0
	100

SECTOR	%
Energy	4
Materials	16
Industrial	23
Consumer Discretionary	18
Consumer Staples	9
Health Care	2
Financial Services	20
Information Technology	7
Telecommunication Services	1
Utilities	0
	100

PUBLIC EQUITY HOLDINGS (cont'd)

INTERNATIONAL EQUITY (EMERGING MARKETS)

DIMENSIONAL FUND ADVISORS

TOP TEN HOLDINGS	MARKET VALUE (\$ thousands)	% ¹
Reliance Industries Ltd.	1,898.4	1.9
CIA Vale Do Rio Doce	1,644.0	1.7
America Móvil SAB	1,321.0	1.4
Unibanco	1,017.6	1.0
Banco Bradesco	939.4	1.0
Sasol Ltd.	910.1	0.9
Samsung Electronics Co.	900.3	0.9
Teva Pharmaceuticals	880.7	0.9
Cemex SAB	870.9	0.9
Reliance Communication Ltd.	851.3	0.9

¹ Of total International Equity (Emerging Markets) holdings managed by Dimensional Fund Advisors.

REGION	%
Asia Pacific	54
Latin America	23
Africa	11
Europe	9
Middle East	3
	100

SECTOR	%
Energy	8
Materials	18
Industrial	13
Consumer Discretionary	9
Consumer Staples	7
Health Care	3
Financial Services	22
Information Technology	8
Telecommunication Services	9
Utilities	3
	100

PRIVATE EQUITY HOLDINGS

HOLDINGS BY MANAGER (multiple funds noted in brackets)	COMMITTED ¹ (\$ thousands)	% ²
TD Capital Private Equity Investors ³ (4)	197,682.0	36.1
Adams Street Partners ³ (3)	145,650.0	26.6
Paul Capital Partners ³	36,732.5	6.7
TorQuest Partners (2)	35,000.0	6.4
TD Capital Mezzanine Partners	25,000.0	4.6
CAI Capital Partners	20,000.0	3.7
Imperial Capital Management	20,000.0	3.7
Richardson Capital (2)	20,000.0	3.7
Frontier Capital Partners	17,000.0	3.1
CentreStone Ventures	10,000.0	1.8
Tricor Pacific Capital Partners	10,000.0	1.8
Penfund Management	10,000.0	1.8
	547,064.5	100.0

¹ Non-Canadian dollar denominated commitments have been converted to Canadian dollars at the exchange rate in effect on the date of the commitment.

² Of total Private Equity commitments in the six-year period ended December 31, 2007.

³ Indicates a "fund-of-funds" manager.

REGION ¹	%
Canada	40
US	48
Europe	9
Asia Pacific	3
	100

¹ Based on invested capital.

SECTOR ¹	%
Energy	5
Materials	2
Industrial	14
Consumer Discretionary	33
Consumer Staples	6
Health Care	11
Financial Services	8
Information Technology	12
Telecommunication Services	4
Utilities	5
	100

¹ Based on invested capital.

REAL ESTATE HOLDINGS

TOP TEN HOLDINGS	APPRAISED VALUE ¹ (\$ thousands)	% ²
50 Bloor Street West (Toronto)	25,233.8	5.0
Bramalea City Centre (Brampton)	19,572.5	3.9
333 Seymour Street (Vancouver)	16,721.7	3.3
CN Convention Centre (Toronto)	15,615.7	3.1
18604 - 111 Avenue (Edmonton)	15,478.7	3.1
Crossroads Shopping Centre (Winnipeg)	14,408.2	2.8
Skyview Power Centre (Edmonton)	14,192.7	2.8
Gateway Industrial Park (Edmonton)	13,888.7	2.7
Stock Exchange Tower (Calgary)	13,219.4	2.6
Town & Country Shopping Centre (Victoria)	11,767.1	2.3

¹ Of TRAF's interest, net of mortgage debt.² Of total Real Estate holdings. Includes interests held through ownership of shares in Greystone Real Estate Fund Inc.

PROPERTY TYPE	%
Industrial	38
Office	33
Retail	29
Residential	0
	100

PROPERTY LOCATION	%
Ontario	38
Alberta	27
British Columbia	21
Manitoba	6
Quebec	4
Saskatchewan	4
	100

INFRASTRUCTURE HOLDINGS

HOLDINGS BY MANAGER (multiple funds noted in brackets)	COMMITTED ¹ (\$ thousands)	% ²
Macquarie Funds Management (2)	37,367.7	68.9
CFI Capital	16,875.0	31.1
	54,242.7	100.0

¹ Non-Canadian dollar denominated commitments have been converted to Canadian dollars at the exchange rate in effect on the date of the commitment.² Of total Infrastructure commitments in the six-year period ended December 31, 2007.

REGION ¹	%
Canada	45
US	55
	100

¹ Based on invested capital.

10-Year Data Summary

(AS OF DECEMBER 31 UNLESS OTHERWISE NOTED; NUMBERS MAY NOT ADD DUE TO ROUNDING)

FINANCIAL STATEMENT DATA (\$ millions)	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Inflows										
Member Contributions	43.8	45.0	46.0	47.5	52.6	50.9	52.4	57.9	65.1	65.6
Provincial Contributions	63.7	71.3	74.3	83.2	89.8	102.6	105.9	113.2	124.6	129.0
Investment Income ¹	67.3	69.2	73.7	72.5	80.7	65.3	60.1	52.5	51.7	88.4
Investments - Change in Value	41.7	100.5	116.5	(31.7)	(124.8)	163.3	174.6	265.4	308.6	46.6
Other Contributions (eg. reciprocal transfers)	2.2	0.2	0.9	0.9	0.8	1.9	2.4	0.8	2.5	1.8
Total	218.7	286.2	311.4	172.4	99.1	384.0	395.4	489.8	552.5	331.4
Outflows										
Pension Payments	121.6	130.8	141.0	157.0	169.2	183.0	197.2	212.0	227.1	242.0
Other Payments (eg. refunds, reciprocal transfers)	6.0	11.4	8.2	9.0	10.4	22.5	15.1	14.3	23.9	16.9
General Expenses	2.2	2.3	2.4	3.0	2.9	3.0	3.6	4.0	3.9	4.1
Total	129.8	144.5	151.6	169.0	182.5	208.5	215.9	230.3	254.9	263.0
Net Increase (Decrease)	88.9	141.7	159.8	3.4	(83.4)	175.5	179.5	259.5	297.6	68.3
Assets Available for Benefits										
Basic Benefit Account	1,513.6	1,661.3	1,812.9	1,793.8	1,703.4	1,876.3	2,051.3	2,306.4	2,600.8	2,665.3
Pension Adjustment Account	99.2	93.2	101.4	123.9	130.9	133.5	138.0	142.4	145.6	149.5
Total	1,612.8	1,754.5	1,914.3	1,917.7	1,834.3	2,009.8	2,189.3	2,448.8	2,746.4	2,814.8
Province of Manitoba Trust Account										
New Teacher Account	-	-	-	0.9	7.3	18.6	20.9	32.5	48.8	65.1
General Account	-	-	-	12.5	74.1	116.1	130.4	194.1	266.9	1,821.8
Total	-	-	-	13.4	81.4	134.7	151.3	226.6	315.7	1,886.9

¹ Net of investment management fees.

MEMBERSHIP DATA

Membership										
Active (as of July 31)	14,342	14,430	14,633	14,729	14,786	14,819	14,937	14,975	14,983	14,987
Retired	6,857	7,252	7,643	8,155	8,606	9,048	9,575	10,134	10,663	11,139
Deferred	6,500	6,500	6,944	6,500	6,500	7,143	7,185	7,417	6,259	6,019
Total	27,699	28,182	29,220	29,384	29,892	31,010	31,697	32,526	31,905	32,145
Active to Retired Ratio	2.1:1	2.0:1	1.9:1	1.8:1	1.7:1	1.6:1	1.6:1	1.5:1	1.4:1	1.3:1
New Retired Members	428	521	537	614	574	565	658	679	673	625
Administrative Cost per Member²	\$78	\$83	\$87	\$111	\$103	\$109	\$118	\$131	\$121	\$114

² Based on Active and Retired Members only (ie. excludes Deferred Members).

INVESTMENT DATA (\$ millions) ³		1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Investments											
Fixed Income	Cash & Short-Term	112.2	23.4	29.1	10.1	66.7	2.9	14.8	73.9	31.1	95.4
	Public Bonds (Universe)	612.8	703.2	661.5	566.3	569.1	588.3	608.8	620.9	715.3	1,012.1
	Public Bonds (Long)	-	-	-	-	-	-	-	-	-	417.3
	Mortgages	100.8	76.7	87.9	95.2	111.4	151.7	161.2	186.6	200.1	277.4
	High Yield Debt	-	-	43.8	48.2	60.8	54.3	42.8	56.6	56.4	61.5
Equity	Canadian	384.4	474.8	581.7	576.4	518.1	680.3	753.8	768.3	857.5	980.2
	US	136.8	141.1	171.0	263.6	194.5	221.0	233.0	263.4	327.1	363.5
	International	114.0	181.5	182.3	179.2	201.2	207.0	193.1	251.5	321.3	750.3
	Private	30.8	26.8	28.9	25.4	17.7	37.0	54.3	110.3	162.4	195.6
Real Estate	Canadian	108.4	117.5	119.7	156.4	156.8	193.5	258.6	325.7	369.7	506.0
Infrastructure	Global	-	-	-	-	-	-	5.4	8.3	5.3	25.1
Total		1,600.3	1,744.9	1,905.9	1,920.7	1,896.4	2,135.8	2,325.8	2,665.8	3,046.2	4,684.4
Investment Costs											
	Investment Manager Fees ⁴	3.4	3.4	3.4	3.1	3.0	3.3	3.9	4.4	5.3	6.9
	Private Equity Manager Fees ⁴	-	-	-	-	-	0.7	0.8	0.8	1.4	2.0
	Other Investment Related Expenses	0.5	0.5	0.5	0.5	0.5	0.5	0.6	0.6	0.6	1.0
Total		3.9	3.9	3.9	3.6	3.5	4.5	5.3	5.8	7.3	9.9
Investment Costs per \$100 of Assets⁵		\$0.25	\$0.23	\$0.21	\$0.19	\$0.18	\$0.22	\$0.24	\$0.23	\$0.26	\$0.26
Investment Performance (%)											
	Rate of Return	7.7	10.7	11.0	2.3	(2.1)	13.0	12.1	14.8	15.6	5.7
	Benchmark Return	9.4	13.0	8.3	(1.6)	(4.6)	14.2	10.6	13.2	13.7	5.2
Value Added		(1.7)	(2.3)	2.7	3.9	2.5	(1.2)	1.5	1.6	1.9	0.5

³ Includes Province of Manitoba Trust Account.⁴ The stated fees are the base management fees charged in the year by "fund-of-funds" Private Equity managers.⁵ Costs are based on an asset level equal to the midpoint between the value of the respective year's opening and closing total investments.**VALUATION DATA (\$ millions)****Basic Benefit Account (as of January 1)**

Surplus (Deficit) - Valuation Years Only	43.9	-	-	102.9	-	-	(126.5)	-	(12.9)	-
Annual Rate of Return Assumption (%)	7.00	-	-	7.00	-	-	6.75	-	6.25	-
Inflation Assumption (%)	3.25	-	-	3.00	-	-	2.50	-	2.50	-

COST OF LIVING ADJUSTMENT (COLA) DATA

Consumer Price Index (CPI) - Prior Year (%)	0.73	1.02	2.58	3.23	0.70	3.88	2.00	2.10	2.20	1.60
COLA Granted (%)	0.73	0.78	2.00	1.77	0.70	1.68	0.54	0.40	0.64	0.63
COLA Granted (% of CPI)	100.0	76.5	77.5	54.8	100.0	43.3	27.0	19.0	29.1	39.4

Audited Financial Statements

MANAGEMENT RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of The Teachers' Retirement Allowances Fund and all the information in this Annual Report are the responsibility of management and have been approved by the Board of Directors. The consolidated financial statements include some amounts, such as the market value of investments, that are necessarily based on management's best estimates and judgement.

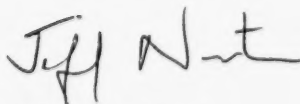
The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Financial and operating data elsewhere in the Annual Report are consistent with the consolidated financial statements.

In discharging its responsibility for the integrity and fairness of the consolidated financial statements, management maintains the internal control systems and practices necessary to provide reasonable assurance that transactions are authorized, assets are safeguarded and proper records are maintained.

The firm of Aon Consulting Inc. has been appointed the independent consulting actuary to the Fund. The role of the actuary is to complete an actuarial valuation of the Fund in accordance with accepted actuarial practice; the results of the valuation are included in the consolidated financial statements.

Ultimate responsibility for the financial statements rests with the Board, which is assisted in its responsibilities by the staff and the Audit Committee. The Audit Committee is comprised of two Board members and one external member. The Audit Committee reviews the Auditor's Report and the financial statements and makes recommendations to the Board concerning approval.

The Fund's independent external auditor, the Auditor General of Manitoba is responsible for auditing the consolidated financial statements of the Fund and for issuing their report thereon. The Auditor General has full and unrestricted access to the Audit Committee.



Jeff Norton, LL.M., CFA
President & CEO



Ross Hadaller, CMA
Vice President, Finance

February 29, 2008
Winnipeg, Manitoba

AUDITORS' REPORT

To the Legislative Assembly of Manitoba
To the Members of the Teachers' Retirement Allowances Fund

We have audited the consolidated statement of net assets available for benefits of The Teachers' Retirement Allowances Fund as at December 31, 2007, and the consolidated statement of changes in net assets available for benefits for the year then ended. These consolidated financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the net assets available for benefits of the Fund as at December 31, 2007, and the changes in net assets available for benefits for the year then ended in accordance with Canadian generally accepted accounting principles.



Carol Bellringer, FCA, MBA
Auditor General

Office of the Auditor General

February 29, 2008
Winnipeg, Manitoba

TEACHERS' RETIREMENT ALLOWANCE FUND

CONSOLIDATED STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

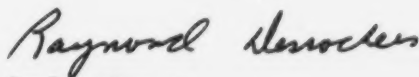
AS AT DECEMBER 31, 2007

(\$ thousands)	ACCOUNT A		TRUST ACCOUNTS			2007	2006
	Basic Benefits	Pension Adjustments	MTS	MAST	Province of Manitoba	Total	Total
Assets							
Investments, Note 3	\$ 2,642,480	\$ 148,762	\$ 5,966	\$ 308	\$ 1,886,861	\$ 4,684,377	\$ 3,046,241
Investment income receivable	12,162	-	-	-	-	12,162	11,103
Receivable for settlement of outstanding trades	-	-	-	-	-	-	10,320
Contributions and other receivables, Note 4	15,757	729	-	-	-	16,486	14,589
Cash	9,948	-	-	-	-	9,948	-
Computer and office equipment, Note 5	217	-	-	-	-	217	225
Prepaid expense	7	-	-	-	-	7	7
Total Assets	2,680,571	149,491	5,966	308	1,886,861	4,723,197	3,082,485
Liabilities							
Bank indebtedness	-	-	-	-	-	-	3,919
Accrued liabilities	6,039	-	-	-	-	6,039	5,942
Payable for settlement of outstanding trades	4,501	-	-	-	-	4,501	-
Money Purchase Accounts, Note 7	1,628	-	-	-	-	1,628	1,311
Employer Trust Accounts, Note 8							
The Manitoba Teachers' Society (MTS)	-	-	5,966	-	-	5,966	5,977
Manitoba Association of School Trustees (MAST)	-	-	-	308	-	308	326
Province of Manitoba Trust Account, Note 9	-	-	-	-	1,886,861	1,886,861	315,662
Provision for Fund's share of employees' pension benefits, Note 10	3,130	-	-	-	-	3,130	2,899
Total Liabilities	15,298	-	5,966	308	1,886,861	1,908,433	336,036
Net Assets Available for Benefits	\$ 2,665,273	\$ 149,491	\$ -	\$ -	\$ -	\$ 2,814,764	\$ 2,746,449

On behalf of the Board



Mal Anderson, CA
Chair



Ray Desrochers, CA
Board Member

TEACHERS' RETIREMENT ALLOWANCES FUND

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

FOR THE YEAR ENDED DECEMBER 31, 2007

(\$ thousands)	ACCOUNT A		2007	2006
	Basic Benefits	Pension Adjustments	Total	Total
Increase in Assets				
Contributions, Note 11	\$ 186,050	\$ 10,396	\$ 196,446	\$ 192,232
Net investment income, Note 12	80,817	7,549	88,366	51,739
Current period change in fair value of investments, Note 13	46,571	-	46,571	308,635
Total Increase in Assets	313,438	17,945	331,383	552,606
Decrease in Assets				
Pensions paid	227,935	14,098	242,033	227,138
Refunds	9,965	-	9,965	10,176
Transfers under reciprocal agreements	6,934	-	6,934	13,742
General expenses, Note 16	4,136	-	4,136	3,919
Total Decrease in Assets	248,970	14,098	263,068	254,975
Change in Net Assets	64,468	3,847	68,315	297,631
Net Assets Available for Benefits at Beginning of Year	2,600,805	145,644	2,746,449	2,448,818
Net Assets Available for Benefits at End of Year	\$ 2,665,273	\$ 149,491	\$ 2,814,764	\$ 2,746,449

TEACHERS' RETIREMENT ALLOWANCES FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

1. DESCRIPTION OF PLAN

The following description of The Teachers' Retirement Allowances Fund ("the Fund") is a summary only. For more complete information, reference should be made to The Teachers' Pensions Act ("the Act"), as amended.

(A) GENERAL

The Teachers' Retirement Allowances Fund Board ("the Board") was originally constituted under an Act passed at the 1925 session of the Manitoba Legislature. The Board currently operates under the authority of the Act. The Board is charged with responsibility for administering the Act and functions as trustee of a fund maintained to provide defined benefit pensions to public school teachers in Manitoba.

The Act provides for distinct and separate accounts in the Fund, known respectively as Account A and Account B. In Account A, the Fund records the net assets arising from teacher contributions and all payments of pensions, allowances and expenses. Account A also receives a transfer from Account B as reimbursement for the Province of Manitoba's half of the pensions paid by the Fund. Account B records the receipt of the Province's payments for its share of pensions paid and certain other payments as described in the Act. Account B is reduced by transfers to Account A. The balance of Account B is reflected as a receivable on the consolidated statement of net assets available for benefits, Note 4.

The Fund maintains separate trust accounts for The Manitoba Teachers' Society (MTS) and the Manitoba Association of School Trustees (MAST). Qualifying employees of these organizations are considered to be teachers for purposes of participating in the Fund. Employer obligations for benefits, in respect of these individuals, are funded through these separate trust accounts.

The Fund holds monies in trust and makes investments on behalf of the Province of Manitoba ("the Province"). These investments are commingled with investments made by the Fund. The Province of Manitoba Trust Account is shown as a liability on the statement of net assets available for benefits, Note 9.

The Fund also keeps separate Money Purchase Accounts on behalf of eligible participants as defined in the Act, Note 7.

(B) FUNDING

The Act requires all public school teachers in Manitoba, except those receiving disability benefits in accordance with the Act, to contribute to the Fund on a basis related to their salary. Teachers contribute 6.8% on pensionable earnings up to the Canada Pension Plan's yearly maximum pensionable earnings (YMPE) and 8.4% on pensionable earnings in excess of the YMPE. In accordance with the Act, 83.4% of contributions are used to fund basic benefits and 16.6% of contributions are allocated to the Pension Adjustment Account for the purpose of indexing benefits. Under the Act, the amount allocated to the Pension Adjustment Account is increased by 0.1% every five years until the percentage reaches 17%. The next scheduled increase will occur on September 1, 2010.

In accordance with the Act, the Province contributes its share of pensions paid during the year and certain other statutory charges. The Province's liability for pension benefits, which is approximately \$2.4 billion, is unfunded, Note 9 and Note 19.

(C) RETIREMENT PENSIONS

Members with 10 years of qualifying service are eligible to retire with an unreduced pension at age 60, or as early as age 55 where combined age and service equals 80, provided that two of the years are within a 10-year period ending after 1984. Members are otherwise eligible to retire with a reduced pension at age 55. The reduction in pension is offset by a bridging benefit payable to the earlier of age 65 or death. Members who have fewer than 10 years but more than two years are eligible for a pension at age 65. All members must commence pension benefits no later than age 71.

(D) WITHDRAWAL REFUNDS

Subject to lock-in provisions, refunds are available when an active member ceases employment.

(E) DEATH BENEFITS**i. Active members**

Upon the death of an active member, a lump sum is payable to the estate or beneficiary based on pre-1985 contributions and interest and the commuted value of the post-1984 deferred pension. A spouse may elect to convert the lump sum benefit to a monthly annuity. Where the service is non-vested, the benefit payable is the contributions and interest accumulated in 1985 and later.

ii. Retired members

Upon the death of a retired member, pension benefits continue to be paid to a beneficiary where a survivor option has been selected. Where the contributions and interest accumulated at the pension effective date is greater than the pension paid out to the date of death, the excess is payable to the estate or beneficiary.

(F) OTHER PROVISIONS**i. Buybacks**

Purchase of past service and reinstatement of refunded service is allowed, pursuant to the terms and conditions contained in the Act.

ii. Relationship breakup

Where a marriage or common-law relationship has broken up in 1984 or later, the spouse/partner is entitled to one-half the value of the pension earned during the period of relationship, pursuant to the terms and conditions contained in the Act.

iii. Teaching while receiving a pension

A member, who retires and returns to teach within 90 calendar days of retirement, is deemed not to have retired. The member must repay any pension benefits received and resume contributing to the Fund. A retired member can receive a pension while teaching, until the member reaches the 121st full day of service in one school year. Teaching more than 50% of a day is considered to be a full day. When the 121st full day is reached, the member's pension is suspended and the member must resume contributing to the Fund.

iv. Reciprocal transfer agreements

The Act authorizes the transfer of pensionable service in accordance with the terms of a reciprocal transfer agreement between the participating organizations.

(G) COST OF LIVING ADJUSTMENTS

Pensions are adjusted annually by the lesser of the change in the Canada Consumer Price Index (December over December), or the amount actuarially available in the Pension Adjustment Account to fund one-half of the cost of living adjustment.

(H) INCOME TAXES

The Fund is a Registered Pension Plan as defined in the Income Tax Act and is not subject to income taxes. The Fund's registration number is 0273698.

2. SIGNIFICANT ACCOUNTING POLICIES**(A) BASIS OF PRESENTATION**

The Fund's financial statements are prepared in accordance with Canadian generally accepted accounting principles.

These financial statements consolidate the assets, liabilities, revenues and expenses of the Fund and of its wholly owned subsidiary, TRAF Realty Ltd. TRAF Realty Ltd. is incorporated under The Corporations Act of Manitoba and was primarily engaged in acquiring real estate property in Manitoba. As of December 31, 2007, TRAF Realty Ltd. did not own any properties and was in the process of being wound up.

(B) VALUATION OF INVESTMENTS

Investments are stated at fair value on a trade date basis. Fair value is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable willing parties who are under no compulsion to act. The Fund maintains a written Valuation Handbook which sets out the valuation methodology for each type of asset held. The Valuation Handbook is reviewed and approved by the Board annually. Some of the material provisions of the Valuation Handbook are as follows:

i. Publicly traded investments

Publicly traded investments are stated at year-end market prices as listed on the appropriate stock exchange, or as provided by the Fund's custodian from independent sources.

ii. Money market securities

Domestic money market securities are stated at cost which approximates market value. Foreign money market securities are stated at cost and adjusted for any foreign currency fluctuations as determined by the custodian.

iii. High yield debt

High yield debt, according to the characteristics of the specific debt instruments, is stated at market value based on bid prices, discounted cash flows or recorded at cost where no market value is available.

iv. Mortgages

Mortgages are stated at fair value based on the present value of future cash flows and are determined by an independent party.

v. Private investments

Private investments, which are classified as either equity and debt oriented, are stated at values determined by the external manager.

vi. Real estate investments

Real estate investments are stated at values based on the most recent external manager valuations or appraisals of the underlying properties, or cost where no previous valuation has been prepared.

vii. Infrastructure investments

Infrastructure investments are stated at values determined by the external manager.

viii. Pooled funds

Pooled fund values are provided by the manager and are generally based on the quoted market price of the underlying investments.

(C) USE OF ESTIMATES

In preparing these financial statements, management must make estimates and assumptions that primarily affect the reported values of certain assets and liabilities at the date of the financial statements and the reported amounts of changes in net assets during the year. Actual results could differ from those estimates.

(D) FOREIGN CURRENCY TRANSLATION

The market value of investments and cash balances denominated in foreign currencies are translated into Canadian dollars at year-end exchange rates that are determined by the Fund's custodian. The resulting change is included in the current period change in fair value of investments.

Transactions denominated in foreign currencies are translated into Canadian dollars at the rates of exchange prevailing on the dates of the transactions. Hedged foreign currency transactions are translated at rates of exchange established by the terms of the forward exchange contracts. The foreign exchange on revenue and expense transactions is included in the net realized gain on the sale of investments, Note 13.

(E) FORWARD CONTRACTS

A forward contract is a contractual obligation to buy or sell a specified amount of foreign currency at a predetermined future date and exchange rate. Forward contracts are valued at the estimated amounts that the Fund would receive or pay to terminate the contracts at the reporting date, Note 6(D). Realized gains or losses on forward contracts are recognized with the current period change in fair value of investments.

(F) PROVISION FOR FUND'S SHARE OF EMPLOYEES' PENSION BENEFITS

Employees of the Fund are members of the pension plan established under The Civil Service Superannuation Act. The Fund accrues a liability for the employer's share of the employees' pension benefits, including future cost of living adjustments, based on an actuarial report.

(G) COMPUTER AND OFFICE EQUIPMENT

Computer and office equipment acquisitions costing more than \$1,000 are capitalized and amortized on a straight line basis over five years.

3. INVESTMENTS AT FAIR VALUE

Account A assets are commingled for investment purposes with Trust Account assets held for MTS, MAST and the Province.

(\$ thousands)	2007	2006
Fixed Income		
Bonds and debentures	\$ 1,490,930	\$ 771,688
Mortgages	277,376	200,195
Money market securities	95,402	31,121
Equity		
Canadian	980,168	857,531
United States	363,485	327,066
International	750,325	321,283
Private	220,712	167,697
Real Estate	505,979	369,660
	\$ 4,684,377	\$ 3,046,241

4. CONTRIBUTIONS AND OTHER RECEIVABLES

(\$ thousands)	2007	2006
Account B	\$ 12,094	\$ 10,896
Teacher contributions	4,392	3,670
Other receivables	-	23
	\$ 16,486	\$ 14,589

5. COMPUTER AND OFFICE EQUIPMENT

(\$ thousands)			2007	2006
	Cost	Accumulated Amortization	Net	Net
Computer equipment	\$ 622	\$ 481	\$ 141	\$ 182
Office equipment	381	305	76	43
Computer and office equipment	\$ 1,003	\$ 786	\$ 217	\$ 225

6. RISK MANAGEMENT

The Fund follows a diversified asset mix strategy designed to earn the required investment return at an acceptable level of risk. Some of the risks that the Fund is exposed to are as follows:

(A) MARKET RISK

Market risk is the risk that the value of an investment will fluctuate as a result of changes in market conditions, whether those changes are caused by factors specific to the individual investment, or factors affecting all securities traded in the market. To mitigate the impact of market risk, the Fund invests in a diversified portfolio of investments based on Board approved policies.

(B) INTEREST RATE RISK

Interest rate risk refers to the effect on the market value of assets and liabilities due to fluctuations in interest rates. The value of the Fund's assets is affected by short-term changes in nominal and real interest rates. Pension liabilities are exposed to fluctuations in long-term interest rates as well as expectations in salary escalation. The fixed income portfolio has guidelines on concentration, duration, and distribution which are designed to partially mitigate the risks of interest rate volatility.

(C) CREDIT RISK

Credit risk arises from the potential for an investee to fail or for a counterparty to default on its contractual obligations to the Fund. The Fund limits credit risk by dealing with counterparties that are considered to be of high quality relative to their obligations, by obtaining collateral where appropriate, through investment diversification and by setting and monitoring compliance with portfolio guidelines. With respect to individual corporate borrowers, the Fund has established investment policies which place limits on the exposure to any individual corporate entity.

(D) FOREIGN CURRENCY RISK

Foreign currency exposure results where investments are denominated in a foreign currency. Fluctuations in the relative value of foreign currencies against the Canadian dollar can result in a positive or negative effect on the fair value of investments.

The Fund, through its investment managers, may employ hedging strategies to mitigate the foreign currency risk in the portfolio. At December 31, 2007, the Fund's high yield debt manager was the only manager to employ a hedging strategy. The high yield debt manager hedged the currency risk of US dollar denominated high yield bonds. The Fund held \$35,484,716 (2006 - \$39,122,553) in forward contracts with an unrealized loss of \$162,559 (2006 unrealized loss - \$280,663).

(E) LIQUIDITY RISK

Liquidity risk is the risk of being unable to generate sufficient cash, or its equivalent, in a timely and cost-effective manner to meet commitments as they come due. The Fund is exposed to liquidity risk through its responsibility to pay benefits on a timely basis. The Fund mitigates liquidity risk by holding various income producing assets and limiting exposure to non-liquid asset classes.

7. MONEY PURCHASE ACCOUNTS

Separate Money Purchase Accounts have been established for persons transferring money to the Fund in accordance with the Act. These accounts are maintained separately from the Fund's other activities. The accounts earn the same income as the total Fund. On the written direction of the individual, the accumulated amount of the individual's account may be transferred out to a Locked-In Retirement Account or into the Fund's Account A for initiation of a lifetime annuity.

(\$ thousands)	2007	2006
Balance at beginning of year	\$ 1,311	\$ 936
Transfers in	486	750
Investment income, Note 12	80	157
Transfers out	(249)	(532)
Balance at end of year	\$ 1,628	\$ 1,311

8. EMPLOYER TRUST ACCOUNTS

The Fund maintains separate trust accounts for the employer obligation for pension benefits in respect of MTS and MAST employees who are members of the Fund. The trust accounts receive the employer contributions and investment income and are charged with the employer share of pensions paid.

(A) THE MANITOBA TEACHERS' SOCIETY TRUST ACCOUNT

(\$ thousands)	2007	2006
Balance at beginning of year	\$ 5,977	\$ 5,479
Contributions	-	-
Investment income	319	819
Pension payments	(326)	(321)
Other	(4)	-
Balance at end of year	\$ 5,966	\$ 5,977

(B) MANITOBA ASSOCIATION OF SCHOOL TRUSTEES TRUST ACCOUNT

(\$ thousands)	2007	2006
Balance at beginning of year	\$ 326	\$ 313
Contributions	-	-
Investment income	17	46
Pension payments	(32)	(33)
Other	(3)	-
Balance at end of year	\$ 308	\$ 326

9. PROVINCE OF MANITOBA TRUST ACCOUNT

The Province, in accordance with The Balanced Budget, Debt Repayment and Taxpayer Accountability Act, established a fund for the purpose of accumulating funds for the eventual retirement of the Province's unfunded pension obligation.

Under terms of a September 13, 2001 (as amended June 24, 2004) agreement between the Province and the Board, the Province established a trust account with the Board and is making the required payments to the trust account. In 2007, the Province made additional payments to the trust account totaling \$1.5 billion. These payments are included in the trust account balance and the Province has advised that the trust funds are intended to be used for the eventual retirement of the Province's unfunded pension obligation. The monies in the trust account are not Fund assets and are accounted for separately by the Fund in the Province of Manitoba Trust Account. According to the terms of the agreement, the trust account earns the rate of return of the Fund and the Fund is paid a fee for its investment management services. The return is allocated from investment income. Fees earned by the Fund are deducted from investment management expenses, Note 12.

The payments made by the Province to the Fund do not reduce its accrued pension benefit obligations to the Fund.

In October 2007, The Financial Administration Act was amended to allow for withdrawals to pay, or fund the payment of, pension benefits for which the Province is responsible.

(\$ thousands)			2007	2006
	New Teacher Account	General Account	Total	Total
Balance at beginning of year	\$ 48,755	\$ 266,907	\$ 315,662	\$ 226,611
Deposits	12,960	1,539,828	1,552,788	49,631
Investment income, Note 12	3,350	38,512	41,862	39,953
Withdrawals	-	(21,607)	(21,607)	-
Management fee	-	(1,844)	(1,844)	(533)
Balance at end of year	\$ 65,065	\$ 1,821,796	\$ 1,886,861	\$ 315,662

10. PROVISION FOR FUND'S SHARE OF EMPLOYEES' PENSION BENEFIT

(\$ thousands)	2007	2006
Balance at beginning of year	\$ 2,899	\$ 2,721
Change in assumptions/experience	-	-
Adjusted balance at beginning of year	2,899	2,721
Benefits accrued	124	127
Interest accrued on benefits	203	190
Benefits paid	(96)	(139)
Balance at end of year	\$ 3,130	\$ 2,899

The valuation of the pension obligations as at December 31, 2004 was conducted by Ellement and Ellement Ltd., consulting actuaries. The key actuarial assumptions were a rate of return of 6.50% (2001 – 6.75%), a rate of inflation of 2.50% (2001 – 2.75%), general salary rate increases of 3.25% (2001 – 3.50%) and post-retirement indexing at two-thirds of the inflation rate. The accrued benefit cost method with salary projection was used. The pension obligation has been extrapolated to December 31, 2007 using a formula provided by the actuary.

11. CONTRIBUTIONS

(\$ thousands)	2007	2006
Teachers	\$ 65,613	\$ 65,138
Transfers from Account B		
Share of benefits charged	127,360	122,939
Other statutory charges	1,635	1,640
Transfers under reciprocal agreements	1,246	1,910
Transfers from MTS and MAST Trust Accounts	358	354
Transfers from Money Purchase Accounts	234	251
Total	\$ 196,446	\$ 192,232

12. INVESTMENT INCOME

(\$ thousands)	2007	2006
Fixed Income		
Bonds and debentures	\$ 51,353	\$ 34,481
Mortgages	13,805	12,389
Money market securities	4,965	2,007
Equity		
Canadian	18,114	15,191
United States	7,983	5,662
International	15,498	8,042
Private	3,998	4,490
Real Estate	18,756	14,863
Gross investment income	134,472	97,125
Securities lending	803	346
Director fees	47	52
Less: Transfer to Money Purchase Accounts, Note 7	(80)	(157)
Transfer to Employer Trust Accounts, Note 8	(336)	(865)
Transfer to Province of Manitoba Trust Account, Note 9	(41,862)	(39,953)
Net investment management expenses	(4,678)	(4,809)
Net investment income	\$ 88,366	\$ 51,739

13. CURRENT PERIOD CHANGE IN FAIR VALUE OF INVESTMENTS

(\$ thousands)	2007	2006
Net realized gain on the sale of investments	\$ 321,252	\$ 178,750
Net unrealized market gain (loss)	(274,681)	129,885
Current period change in fair value of investments	\$ 46,571	\$ 308,635

14. RELATED PARTY TRANSACTIONS

(A) INVESTMENTS WITH THE PROVINCE OF MANITOBA

(\$ thousands)	Bonds	Short-Term	2007 Total	2006 Total
Balance at beginning of year	\$ 12,853	\$ -	\$ 12,853	\$ 17,910
Purchases	19,851	129,489	149,340	157,419
Sales	(10,261)	(129,489)	(139,750)	(162,086)
Current period change in fair value	321	-	321	(390)
Balance at end of year	\$ 22,764	\$ -	\$ 22,764	\$ 12,853
Interest income	\$ 591	\$ 348	\$ 939	\$ 1,174

(B) INVESTMENT MANAGEMENT SERVICES

The Fund is a minority shareholder of Greystone Capital Management Inc., whose subsidiary Greystone Managed Investments Inc. provides investment management services to the Fund on a fee-for-service basis. The fees paid by the Fund to Greystone Managed Investments Inc. for the year were \$4,607,714 (2006 - \$4,264,318).

15. COMMITMENTS

As at December 31, 2007, the Fund had outstanding investment commitments totaling \$409.4 million (2006 - \$311.0 million). This includes capital commitments for certain private investments which will be called over the next three to five years.

16. GENERAL EXPENSES

(\$ thousands)	2007			2006		
	Administrative Expenses	Investment Expenses	Total	Administrative Expenses	Investment Expenses	Total
Salaries and benefits	\$ 2,234	\$ 320	\$ 2,554	\$ 2,330	\$ 188	\$ 2,518
Office and administration	564	63	627	547	55	602
Actuarial	132	-	132	224	-	224
Custody and banking	12	382	394	12	291	303
Communications	103	3	106	60	3	63
Travel	37	13	50	19	14	33
Professional fees	62	31	93	63	35	98
Board and committees	31	25	56	34	28	62
Portfolio oversight	-	124	124	-	16	16
Subtotal	3,175	961	4,136	3,289	630	3,919
Investment management fees, Note 12	-	4,678	4,678	-	4,809	4,809
Total	\$ 3,175	\$ 5,639	\$ 8,814	\$ 3,289	\$ 5,439	\$ 8,728

17. REMUNERATION AND COMPENSATION

(A) BOARD AND COMMITTEE MEMBER REMUNERATION

Board Members are appointed by the Lieutenant Governor in Council and are paid a set fee for attendance at Board and committee meetings. Board members, other than the Chair, are also entitled to a fixed fee for each day spent on Fund business or at an approved conference or training event. The Board Chair, who also acts as Chair of the Investment Committee, receives a fixed amount per month. Total Board remuneration for 2007 was \$34,000 (2006 - \$27,200).

(B) COMPENSATION

The following table provides disclosure of the base salary and bonuses paid to senior management for the previous three years.

Name and Principal Position	Year	Base Salary	Bonus	Other Cash Compensation	Total Cash Compensation
Jeff Norton President & CEO	2007	\$ 179,363	\$ 17,500	\$ -	\$ 196,863
	2006	162,715	16,500	-	179,215
	2005	133,355 ¹	n/a	-	133,355
Brenda Venuto Vice President, Member Services	2007	\$ 124,179	n/a	\$ -	\$ 124,179
	2006	100,421	n/a	-	100,421
	2005	97,496	n/a	-	97,496
Les Brown Vice President, Information Services	2007	\$ 103,434	n/a	\$ -	\$ 103,434
	2006	100,421	n/a	-	100,421
	2005	97,496	n/a	-	97,496
Ross Hadaller Vice President, Finance	2007	\$ 87,006	n/a	\$ -	\$ 87,006
	2006	79,394	n/a	-	79,394
	2005	75,504	n/a	-	75,504
Dewar McKinnon Vice President, Finance & Operations	2007	\$ n/a	n/a	\$ n/a	\$ n/a
	2006	31,363	n/a	76,026 ²	107,389
	2005	115,196	n/a	-	115,196

¹ Employment commenced February 14, 2005.

² Retired March 31, 2006. Amount includes severance allowance paid upon retirement and vacation payout.

18. ACTUARIAL VALUATIONS

The Act requires that an actuarial valuation of the Fund be prepared at least every three years. The most recent actuarial valuation of Account A and Account B (excluding the Pension Adjustment Account) was completed as at January 1, 2006 by Aon Consulting Inc., consulting actuaries. This is a funding valuation which projects the plan's future benefit costs and compares them to the Fund's assets plus future contributions. The previous valuation of Accounts A and B occurred as at January 1, 2004. The projected unit credit actuarial cost method was used for each valuation.

The assumptions used in determining the actuarial value of benefits accrued for service to date for Account A and Account B were developed by reference to expected long-term market conditions. The significant long-term actuarial assumptions used in the valuations were:

	January 1, 2006		January 1, 2004	
Annual rate of return				
(a) Inflation component		2.50%		2.50%
(b) Real rate of return		3.75%		4.25%
		6.25%		6.75%
Annual salary escalation rates				
(a) General increases:				
(i) inflation component		2.50%		2.50%
	to 2011	thereafter	to 2011	thereafter
(ii) productivity component	0.50%	0.75%	0.50%	0.75%

(b) The rates used for seniority, merit and promotional increases are related to the number of years of service and range from 0.50% to 4.50%. These rates ranged from 0.50% to 5.75% in the 2004 valuation.

The actuarial valuation of Account A (excluding the Pension Adjustment Account) as at January 1, 2006 disclosed actuarial assets of \$2,902,792,000 and actuarial liabilities of \$2,915,653,000, leaving a deficit of \$12,861,000 (2004 - \$126,494,000). The actuarial assets include the present value of future service contributions and the actuarial liabilities include a liability for service expected to be rendered after the valuation date. The deficit means that Account A is not sufficiently funded to cover the cost of the promised future benefits. The change in the funded position is primarily a result of the investment return being greater than expected during the years 2004 and 2005 (positive impact) and the decrease in the valuation interest rate (negative impact). The next complete valuation of the Fund will occur no later than January 1, 2009.

The actuarial present value of the Province's accrued pension benefits liability (Account B), excluding previously granted cost of living adjustments, was calculated at \$2,147,992,000 for service to January 1, 2006 (2004 - \$1,846,839,000).

The Act requires that the Pension Adjustment Account be actuarially valued each year to determine the amount available to fund one-half of any cost of living increase. The December 31, 2006 actuarial report, prepared by Aon Consulting Inc., disclosed a surplus of \$9,317,000 (2005 - \$8,719,000). Effective July 1, 2007, the Board approved the payment of a 0.63% cost of living adjustment.

The actuarial assumption used in the December 31, 2006 actuarial report for the rate of interest expected to be earned on the Pension Adjustment Account was 4.50% (2005 - 4.50%). The rate of interest used to determine the liability for the cost of living benefits of Account B was 6.25% (2004 - 6.75%).

19. ACCRUED PENSION BENEFITS

(A) BASIC BENEFITS

The present value of accrued pension benefits for Accounts A and B (excluding pension adjustments which are shown in (B) below), for service to January 1, 2006, was determined from the actuarial valuation referred to in Note 18. The liability for service expected to be rendered after the valuation date is excluded. The present value of accrued pension benefits has been extrapolated from January 1, 2006 to December 31, 2007, using a formula developed by the actuary.

Note to reader: The following tables for accrued pension benefits are presented in millions of dollars.

(\$ millions)	Account A	Account B	2007 Total	2006 Total
Estimated actuarial present value of accrued pension benefits for service to beginning of year	\$ 2,254	\$ 2,235	\$ 4,489	\$ 4,079
Change in assumptions/experience	-	-	-	233
Adjusted beginning of year	2,254	2,235	4,489	4,312
Interest accrued on benefits	139	137	276	265
Benefits accrued	68	66	134	135
Benefits paid	(116)	(114)	(230)	(223)
Net increase in accrued pension benefits	91	89	180	177
Estimated actuarial present value of accrued pension benefits for service to end of year	\$ 2,345	\$ 2,324	\$ 4,669	\$ 4,489

The estimated actuarial present value of accrued pension benefits in Account A is the Fund's obligation, while Account B represents the Province's obligation. The Account B liability for basic benefits is unfunded.

(B) PENSION ADJUSTMENTS (COST OF LIVING)

The present value of accrued pension adjustments has been extrapolated from the actuarial report referred to in Note 18 to December 31, 2007, using a formula developed by the actuary.

(\$ millions)	Pension Adjustment Account	Account B Cost of Living	2007 Total	2006 Total
Estimated actuarial present value of accrued pension adjustments at beginning of year	\$ 135	\$ 117	\$ 252	\$ 245
Change in assumptions/experience	2	-	2	6
Adjusted beginning of year	137	117	254	251
Interest accrued	6	8	14	13
Pension adjustments accrued	9	8	17	16
Pension adjustments paid	(14)	(14)	(28)	(28)
Net change in accrued pension adjustments	1	2	3	1
Estimated actuarial present value of accrued pension adjustments at end of year	\$ 138	\$ 119	\$ 257	\$ 252

The estimated actuarial present value of accrued pension adjustments in Account A is the Fund's obligation, while Account B represents the Province's obligation. The Account B liability for accrued pension adjustments is unfunded.

20. COMPARATIVE FIGURES

Comparative figures have been reclassified, where necessary, to conform to the 2007 presentation.

Directory

BOARD

Mal Anderson, Chair

Pat Isaak, Vice Chair

Glen Anderson

Terry Clifford

Ray Desrochers

Henry Shyka

Lucy Vogrig

INVESTMENT COMMITTEE

Mal Anderson, Chair

Gary Gibson, Assistant Deputy Minister of Finance

Henry Shyka, Teacher Representative

Glen Anderson, Teacher Observer

AUDIT COMMITTEE

Ray Desrochers, Chair

Lucy Vogrig

David Asselstine, External Member

MANAGEMENT

Jeff Norton, President & CEO

Brenda Venuto, Vice President, Member Services

Les Brown, Vice President, Information Services

Ross Hadaller, Vice President, Finance

ACTUARY

Aon Consulting

AUDITOR

Office of the Auditor General of Manitoba

CUSTODIAN

CIBC Mellon Global Securities Services

PERFORMANCE MEASUREMENT

Towers Perrin



TRAF is subject to The Freedom of Information and Protection of Privacy Act (FIPPA). As such, certain of our records are available to the public on request, subject to compliance with certain procedures set out in, and payment of any applicable fees prescribed by, FIPPA.



**TEACHERS' RETIREMENT
ALLOWANCES FUND**

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